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REPORT TO THE GOVERNOR AND 1981 MINNESOTA LEGISLATURE

BY THE
MINNESOTA
HIGHER EDUCATION
COORDINATING
BOARD

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INTRODUCTION

INTRODUCTION

This report to the governor and 1981 Minnesota Legislature reviews the activities of the Coordinating Board during the past two years in planning for Minnesota post-secondary education, in coordinating the state's systems and institutions and in administering statewide programs. Besides reviewing the status of Board projects, it presents the Board's program and policy recommendations for the coming biennium. By statute the Coordinating Board is required to submit a biennial report to the governor and legislature. In addition, the Board is required by statute to periodically review and evaluate its programs and activities and report to the governor its recommendations and suggestions prior to each legislative session.

The report focuses on the Coordinating Board's activities. But the policy and program recommendations affect all post-secondary education, both public and private.

The review of the objectives, authority, background and status of Board projects and programs is intended to assist policymakers who must make decisions on the issues and programs in 1981.

Although the emphasis is on post-secondary education, the broader environment of which post-secondary education is a part cannot be ignored. Post-secondary education is a major Minnesota industry that affects and is influenced by developments at the international, national, state and local levels in both the public and private sectors. Demographic, economic, labor, legal, environmental and energy trends and conditions affect post-secondary education. The future effectiveness of post-secondary education services will affect directly the vitality of the state's economy and welfare.

In administering a variety of programs and projects, the Coordinating Board has attempted to work within a consistent framework of assumptions and principles. Both the Board's policy and budget recommendations for the 1982-83 biennium are based on the following assumed conditions.

— The 1982-83 biennium will be an economically uncertain period.

— High rates of inflation will continue to pose problems for all aspects of American life in the 1980s.

— The rate of economic growth in the Minnesota economy in the 1980s will be less than the rate experienced in the past decade.

— The budget surpluses in the 1970s in the state treasury are gone and are not likely to be replaced in the 1980s.

— Concern about controlling the size of both the federal and state budgets will dominate congressional and legislative deliberations.

— The public demand for resources will be exacerbated by the relative scarcity of resources, inflation and increased energy costs.

— Support for post-secondary education in Minnesota will remain strong at all levels, but questions will continue to be raised about whether higher education is worth the investment.

— The dramatic decline in live births in Minnesota during the 1960s will result in a similar decrease in the 18-21 year-old population during the 1980s and early 1990s. This will affect both post-secondary education enrollments and the number of prospective entrants to the labor force.

— Enrollments in the public systems of post-secondary education in the 1980s are projected to remain relatively stable through 1983-84. They subsequently will decline by 26-28 percent to a low point in the mid-1990s.

— The rate of growth in the labor force will fall by the late 1980s as the number of young people available to fill entry level jobs is diminished. However, an increasing number of working women may mitigate the declining labor force.

— Post-secondary education will compete with business and industry for recent high school graduates. The diminished supply of prospective employees may drive wages up in real terms, thereby increasing the "opportunity cost" (e.g., foregone wages) of attending school.

The assumptions describe the conditions anticipated for 1982-83. A set of principles based on these conditions has guided the Board's recommendations, particularly those with budget implications. These principles are that:

— The future well being of Minnesota's social, economic and political community depends on maintaining quality educational opportunities.

— During a period of projected enrollment declines, extra efforts should be made to get the best return from available resources, including the concentration of resources into programs of high quality or potential.

— The Coordinating Board's responsibilities in programs and planning and coordination activities require a balancing of anticipated benefits of short range resource requirements with the anticipated benefits from longer-range planning and coordination activities.

— Post-secondary educational opportunities available to Minnesota citizens should be analyzed as a comprehensive system including the private sector, the public sector and state supported opportunities in other states such as reciprocity and other contractual arrangements.

— Public investment through direct institutional support or financial assistance to students must be considered comprehensively as to the impact of these investments upon the total system of opportunities.

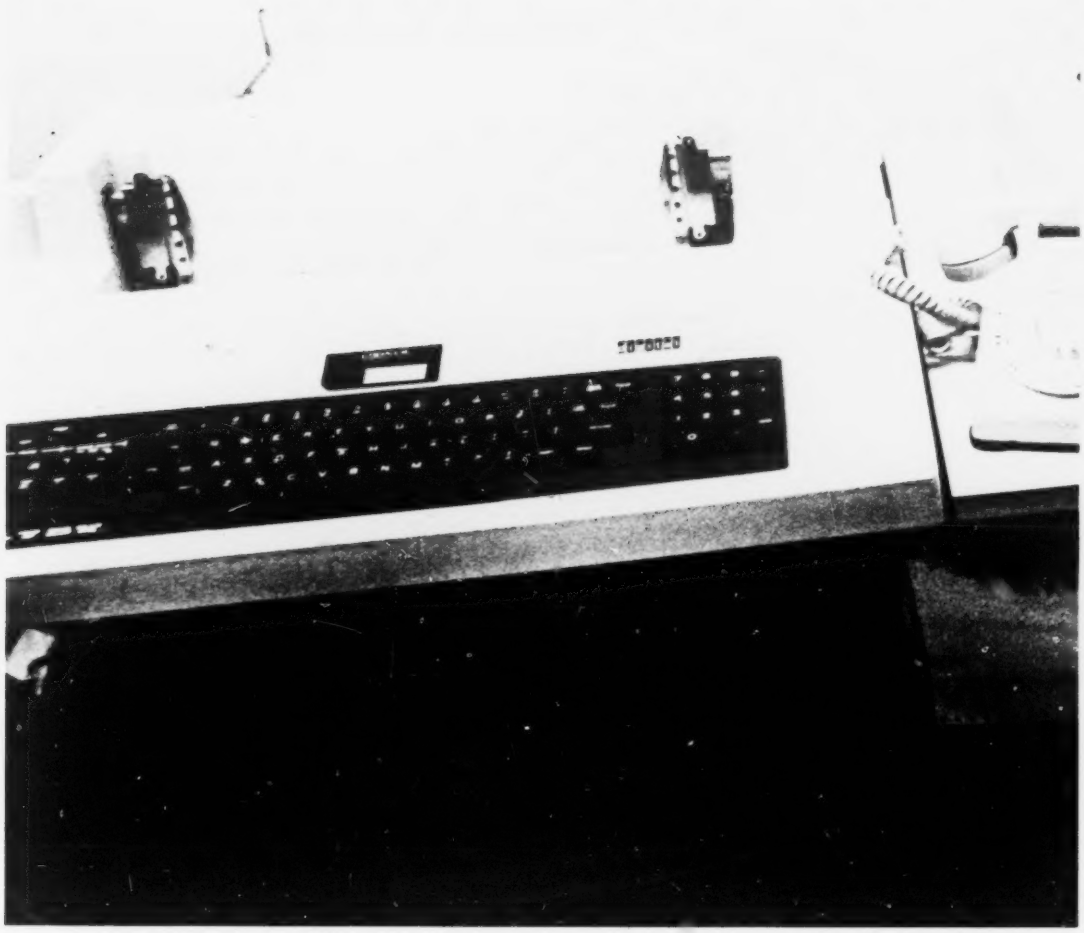
— Decisions on appropriations for student financial assistance must be made in the context of anticipated increases in tuition costs in both the private and public sectors and with concern for increases in non-tuition costs of attendance.

This report consists of six sections. The first section highlights the condition of Minnesota post-secondary education, and it includes a review of projected enrollments for the 1980s and 1990s. Section II summarizes the Board's project to review goals for Minnesota post-secondary education and to identify priority issues. The next part, Section III, covers the Board's coordination activities during the biennium. Section IV outlines the Board's policy, planning and research projects. The section includes a summary of several major studies. A review of state financial aid programs and non-financial aid programs administered by the Board can be found in Section V. This section includes the Board's budget recommendations, but does not include reference to administrative and program budget cuts for Fiscal Year 1981 that were required as part of the statewide reduction program. The Coordinating Board adopted a $10.9 million contingency reduction plan in August 1980 and will be closely monitoring the effects of reductions on students and institutions prior to the 1981 legislative session. The final section lists activities to be completed during the 1981 legislative session and identifies several tentative projects for the 1982-83 biennium.

The report highlights the Board's policy projects and recommendations. Additional details on all activities are available in separate policy reports, status reports, technical reports and other special documents. References to these publications are cited in the various chapters.

I

THE CONDITION OF MINNESOTA POST-SECONDARY EDUCATION



I. THE CONDITION OF MINNESOTA POST-SECONDARY EDUCATION

A. INTRODUCTION

This section reviews the conditions and trends affecting Minnesota post-secondary education. It also highlights the Coordinating Board's efforts to enhance its research capacity. An understanding of current conditions and projections and their implications is fundamental to institutional and state planning. The section presents highlights of historical participation trends and projected enrollments. It also contains information about the state's investment in post-secondary education.

B. BOARD EFFORTS IN INFORMATION COLLECTION AND RESEARCH

In order to plan for the future needs of Minnesota post-secondary education, to better coordinate existing opportunities and to manage programs effectively, an accurate and timely information base is needed. A well-developed information base is necessary to evaluate proposed goals for Minnesota post-secondary education and to assess regularly the status of state programs and policies.

During the past biennium the Board has enhanced its capacity to collect, evaluate, and present information on many aspects of post-secondary education.

The Board policy planning and research staff is automating its data base in order to support planning and policymaking. An automated system will improve the Board's ability to conduct planning and research, to identify problems and to analyze the effects of alternative policies.

Annually, the Board conducts surveys on such topics as enrollments, student characteristics, faculty salaries, degrees granted, library resources, programs and facilities. Many of these surveys are conducted in conjunction with the federal Higher Education General Information Surveys. During the past two years, the Board has modified its surveys to reflect new information on student characteristics and enrollment patterns. The Board makes annual institutional enrollment projections which are based on grade-level enrollment projections for elementary and secondary education. As part of the Board's budget review and financial planning activities, data are prepared each year on appropriations, expenditures and costs of instructional services in public institutions.

The Board maintains a program inventory which contains descriptions of some 5,000 programs. It includes information on where the program is offered and its degree level. This year the post-secondary systems have agreed to provide information on the placement of graduates from these programs. This information will assist the Board and post-secondary systems in reviewing and monitoring instructional programs.

As a result of the improvements in its data base, the Board has been able to present this information more effectively for use by planners and policymakers. In 1980 the Board published ***Trends and Conditions in Minnesota Post-Secondary Education.*** It is part of the Board's effort to evaluate the status of post-secondary education. The document provides a profile of post-secondary education in the 1970s and is useful in identifying problems or issues that require attention. The publication contains a review of opportunities available in Minnesota post-secondary education, trends in participation, costs to students and availability of financial aid, patterns in financing, and degrees and other awards granted.

The Board publishes regular reports such as the annual fall enrollment survey. A publication plan for data reports is being developed. Also, in order to assess its programs regularly, several status reports on programs and functions are published each year. And the Board uses its data base to publish several technical reports which supplement policy studies.

An effort to use information more effectively is being made in the financial aid area where data are used for management information, program evaluation and research. Goals for using these data are to better understand the work flow, to obtain a better idea of the population served, and to assess how policy changes will affect funding requirements.

A major project under way is the development of an automated data processing system for the financial aid programs. The 1980 Legislature supported this project and appropriated funds.[1] The processing system, when completed in 1983, is expected to improve the efficiency of processing student aid and provide information to support more efficient management of the programs. The system also will create data files for research use. This will assist the Board's staff in building models that simulate future conditions. The Board staff will be able to assess the impact of changes in the financial circumstances of families, changes in the cost of education and changes in federal or state policies.

[1] *Minn. Laws 1980*, Chapter 614, Sec. 25.

C. MINNESOTA PARTICIPATION IN POST-SECONDARY EDUCATION

Participation trends affect virtually all aspects of post-secondary education. Enrollment characteristics are closely related to how much the state invests in post-secondary education, the number and types of programs it offers, the facilities it operates, the faculty it supports, the prices it charges and the financial aid it provides to students. This section reviews several dimensions of participation in Minnesota post-secondary education.

Most of the data focuses on state level trends. The reader interested in system level data can find this information in the Board's annual fall enrollment surveys or in ***Trends and Conditions*** in ***Minnesota Post-Secondary Education.***[2] Detailed enrollment data by institution appear in the Board's annual fall enrollment surveys.

1. On-Campus Headcount Enrollment[3]

Headcount enrollments in Minnesota post-secondary education increased dramatically during the 1970s, but the rate of increase has slowed in recent years.

Minnesota post-secondary institutions enrolled 45,722 more students in fall 1979 than in 1969, an increase of more than 30 percent. Enrollments at public institutions increased by 34,653 students, or 29.1 percent, while private institutions enrolled 11,069 more students, a 37.4 percent increase. Table 1 shows these trends.

For all systems, annual changes in on-campus enrollment ranged from −0.5 percent in 1972 to 8.5 percent in 1975. Since 1975, fluctuations have not been so extreme, ranging from 0.3 percent to 3.3 percent.

TABLE 1

ON-CAMPUS HEADCOUNT ENROLLMENT[1]
PUBLIC AND PRIVATE POST-SECONDARY EDUCATION SYSTEMS
1969-1979

	Public		Private[2]		All Systems[2]	
Year	Fall Headcount	Annual % Change	Fall Headcount	Annual % Change	Fall Headcount	Annual % Change
1969	119,176		29,566		148,742	
1970	126,912	6.5	30,076	1.7	156,988	5.5
1971	130,475	2.8	30,046	-0.1	160,430	2.2
1972	128,184	-1.8	31,382	4.5	159,566	-0.5
1973	128,824	0.5	32,774	4.4	161,598	1.3
1974	132,074	2.5	33,492	2.2	165,566	2.5
1975	143,588	8.7	36,076	7.7	179,664	8.5
1976	147,709	2.9	37,795	4.8	185,504	3.3
1977	149,546	1.2	40,062	6.0	189,608	2.2
1978	150,158	0.4	40,032	-0.1	190,190	0.3
1979	153,829	2.4	40,635	1.5	194,464	2.3
Index of Change	129.1		137.4		130.7	

[1]Does not include extension students
[2]Does not include private vocational schools
Private FTE 69-76

Source: Minnesota Higher Education Coordinating Board Annual Fall Enrollment Surveys

[2]Minnesota Higher Education Coordinating Board. ***Trends and Conditions in Minnesota Post-Secondary Education*** (December 1979).

[3]Total fall headcount enrollment represents the enrollment for on-campus students enrolled for credit as of the 10th day of classes fall term. Extension students are not included. The total includes both full-time and part-time students.

2. Full-Time and Part-Time Enrollment

The number of part-time students in Minnesota post-secondary education nearly tripled between 1969 and 1979. Part-time students as a percent of total on-campus headcount increased from 8.8 percent in 1969 to 18.3 percent in 1979.

In fall 1969 there were 13,079 part-time students, and in fall 1979, 35,543 students attended part-time, an increase of 22,464. During the same period, students attending full-time increased in almost the same magnitude; 23,258 more full-time students were reported in 1979 than in 1969, as noted in Table 2.

The extent of this change in the ratio of full-time to part-time students varies greatly among systems. In some types of post-secondary education institutions (private four-year colleges, for example) the ratio has remained relatively stable. In others, like the community colleges, the part-time component has increased at a faster rate and is higher than that of all institutions taken together.

TABLE 2

FULL-TIME AND PART-TIME ON-CAMPUS HEADCOUNT ENROLLMENT ALL SYSTEMS 1969-1979

	Full-Time		Part-Time		Total	
Fall	No.	Percent	No.	Percent	No.	Percent
1969	135,663	91.2	13,079	8.8	148,742	100.0
1970	140,722	89.6	16,266	10.4	156,988	100.0
1971	142,862	89.0	17,568	11.0	160,430	100.0
1972	140,918	88.3	18,648	11.7	159,566	100.0
1973	141,821	87.8	19,777	12.2	161,598	100.0
1974	142,801	86.3	22,765	13.7	165,566	100.0
1975	153,454	85.4	26,210	14.6	179,664	100.0
1976	157,787	85.1	27,717	14.9	185,504	100.0
1977	160,664	84.7	28,944	15.3	189,608	100.0
1978	156,985	82.5	33,205	17.5	190,190	100.0
1979	158,921	81.7	35,543	18.3	194,464	100.0

Source: Minnesota Higher Education Coordinating Board

3. Enrollment by Sex

For the first time, in fall 1979, there were more female than male on-campus undergraduate students enrolled in Minnesota post-secondary institutions.

TABLE 3

ON-CAMPUS UNDERGRADUATE HEADCOUNT ENROLLMENT BY SEX ALL SYSTEMS* 1973-1979

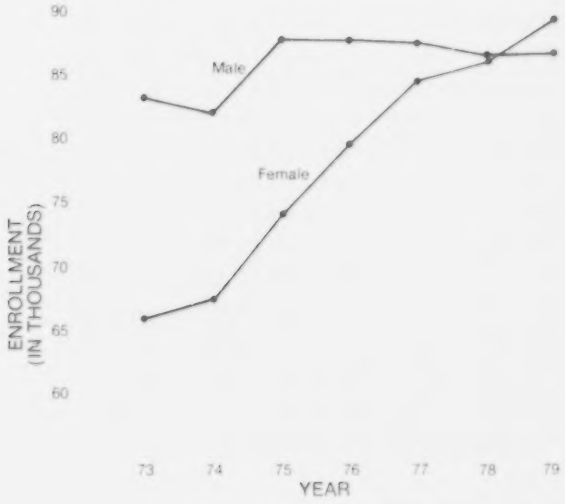
	Male		Female		Total	
Fall Term	No.	Percent	No.	Percent	No.	Percent
1973	82,838	55.7	66,006	44.3	148,844	100.0
1974	82,152	54.9	67,360	45.1	149,512	100.0
1975	87,929	54.5	73,404	45.5	161,333	100.0
1976	88,166	53.0	78,306	47.0	166,472	100.0
1977	86,634	50.8	83,952	49.2	170,586	100.0
1978	85,659	50.2	84,832	49.8	170,491	100.0
1979	86,047	49.3	88,623	50.7	174,670	100.0

*Does not include private vocational schools
Source: Minnesota Higher Education Coordinating Board

FIGURE 1

ON-CAMPUS UNDERGRADUATE HEADCOUNT ENROLLMENT BY SEX

ALL SYSTEMS 1973-1979



Source: Minnesota Higher Education Coordinating Board

As indicated in Table 3 and Figure 1, there were 88,623 women (50.7 percent of undergraduate headcount) and 86,047 men (49.3 percent) enrolled in 1979. In 1973, 44.3 percent of undergraduates were women and 55.7 percent men.

From 1973 to 1979 enrollment of women increased by 22,617 students, while the number of males enrolled increased by 3,209. This represents a 34 percent increase in the number of women undergraduate students and an increase of 4 percent in the number of men.

4. Age Distribution

Between 1974 and 1979, the proportion of undergraduate students aged 22 and older increased from 27.1 percent to 34.2 percent.

Table 4 shows that in 1974 there were 37,348 students over 21. By 1979 the number of students over 21 totaled 60,079. During the same period, the number of students 21 and younger increased from 100,652 to 115,759.

TABLE 4

AGE DISTRIBUTION OF ON-CAMPUS UNDERGRADUATE STUDENTS ALL SYSTEMS 1974 AND 1979

	1974		1979	
Age	No.	Percent	No.	Percent
17 & Under	4,462	3.2	5,388	3.1
18	30,429	22.1	33,713	19.2
19	25,697	18.6	30,836	17.5
20	22,076	16.0	25,125	14.3
21	17,988	13.0	20,697	11.8
22-24	17,713	12.8	25,968	14.8
25-29	11,436	8.3	16,712	9.5
30-34	3,298	2.4	7,398	4.2
35 & Over	4,901	3.6	10,001	5.7
Total	138,000	100.0	175,838	100.0

Source: Minnesota Higher Education Coordinating Board

TABLE 5

HEADCOUNT ENROLLMENT AND PERCENT OF TOTAL HEADCOUNT ENROLLMENT BY RACIAL/ETHNIC GROUP AND SYSTEM 1974 AND 1979

Racial/Ethnic Group	System: State University System N	%	Community College System N	%	University of Minnesota N	%	AVTIs N	%
Black								
1974	200	0.6	254	1.1	1,041	2.0	153	0.6
1979	245	0.6	196	0.7	988	1.8	235	0.9
American Indian								
1974	198	0.6	139	0.6	470	0.9	181	0.8
1979	231	0.5	106	0.4	347	0.6	449	1.6
Asian								
1974	40	0.1	48	0.2	927	1.8	18	0.1
1979	133	0.3	94	0.3	883	1.6	343	1.2
Hispanic								
1974	100	0.3	70	0.3	245	0.5	120	0.5
1979	66	0.2	94	0.3	466	0.8	414	1.5
White & All Other								
1974	33,733	98.4	22,565	97.8	49,248	94.8	23,300	98.0
1979	43,023	98.5	28,659	98.4	53,606	95.2	26,155	94.8
Total Minority Headcount								
1974	538	1.6	511	2.2	2,683	5.2	472	2.0
1979	675	1.5	540[2]	1.8	2,684	4.8	1,441	5.2
Total Headcount								
1974	34,271	100.0	23,076	100.0	51,931	100.0	23,772	100.0
1979	43,698	100.0	29,149	100.0	56,290	100.0	27,596	100.0

[1]Does not include extension enrollment.
[2]Includes 50 minority students not classified by racial/ethnic group.

5. Minority Enrollments

Between fall 1974 and fall 1979 headcount enrollment of all racial/ethnic minority students in Minnesota post-secondary education increased from 5,059 to 6,438, an increase of 1,379 students. During this period, total headcount increased from 158,041 to 196,382.

As a percent of total headcount, however, minority enrollment changed little in the five-year period, increasing from 3.2 percent to 3.3 percent. White and all other students, including non-resident aliens, represented 96.8 percent of total enrollment in 1974 and in 1979, while increasing in number from 152,982 to 189,994. These trends are shown in Table 5 and Figures 2 and 3.

The number of minority students enrolled increased in each post-secondary system between 1974 and 1979. The area vocational-technical institutes had the greatest increase in minority student enrollment, 969 students, while the University of Minnesota, with only one more on-campus minority student in 1979 than in 1974, had the smallest increase.

As a percent of total headcount, minority student enrollment increased in only two systems, the area vocational-technical institutes and private professional schools.

There were 15 fewer black students enrolled in Minnesota's post-secondary institutions in 1979 than in 1974. In 1974, blacks were 1.4 percent of total headcount enrollment, and in 1979 the proportion had declined to 1.1 percent. Among the systems, black enrollment decreased at the community colleges, the University of Minnesota and the private four-year colleges. All other systems increased enrollment of black students from 1974 to 1979.

TABLE 5 Continued

HEADCOUNT ENROLLMENT AND PERCENT OF TOTAL HEADCOUNT ENROLLMENT BY RACIAL/ETHNIC GROUP AND SYSTEM 1974 AND 1979

Racial/Ethnic Group	System: Private Two-Year Colleges N	%	Private Four-Year Colleges N	%	Private Professional Schools N	%	All Systems N	%
Black								
1974	31	2.0	534	2.4	13	0.9	2,226	1.4
1979	47	2.8	475	1.4	25	0.8	2,211	1.1
American Indian								
1974	14	0.9	108	0.5	1	0.1	1,111	0.7
1979	4	0.2	131	0.4	6	0.2	1,274	0.7
Asian								
1974	3	0.1	73	0.3	2	0.1	1,111	0.7
1979	4	0.2	208	0.6	12	0.4	1,677	0.9
Hispanic								
1974	7	0.5	69	0.3	0	0.0	611	0.4
1979	6	0.4	172	0.5	8	0.2	1,226	0.6
White & All Other								
1974	1,492	96.4	21,168	96.4	1,476	98.9	152,982	96.8
1979	1,623	96.3	33,636	97.1	3,292	98.5	189,994	96.8
Total Minority Headcount								
1974	55	3.6	784	3.6	16	1.1	5,059	3.2
1979	61	3.6	986	2.8	51	1.5	6,438	3.3
Total Headcount								
1974	1,547	100.0	21,952	100.0	1,492	100.0	158,041	100.0
1979	1,684	100.0	34,622	100.0	3,343	100.0	196,382	100.0

Sources: Higher Education General Information Survey - Fall Enrollment in Institutions of Higher Education, and Department of Education, Division of Vocational-Technical Education

American Indian students made up 0.7 percent of total enrollment in both 1974 and 1979. The number of American Indian students in attendance increased from 1,111 in 1974 to 1,274 in 1979, an increase of 163 students. American Indian enrollment increased in all systems except the Community College System, the University of Minnesota and the private two-year colleges.

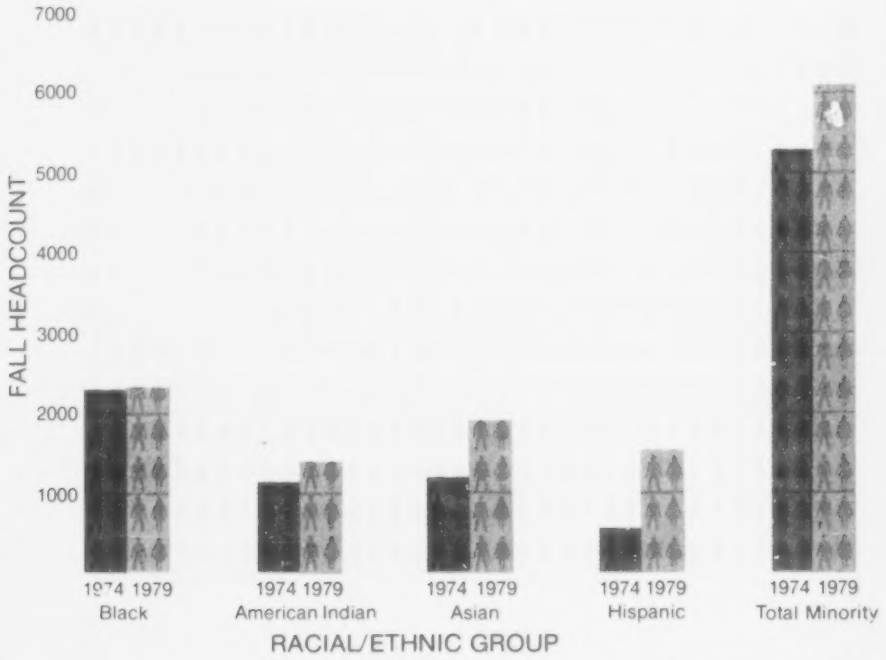
Enrollment of Asian students increased from 1,111 in 1974 to 1,677 in 1979, while the percent Asian students constituted of total headcount increased from 0.7 percent to 0.9 percent. The number of students of Asian origin decreased at the University of Minnesota and increased in all other systems.

The number of Hispanic students attending Minnesota post-secondary education institutions doubled from 1974 to 1979, though the percent they claimed of total enrollment showed only a slight increase, from 0.4 percent to 0.6 percent. There were fewer Hispanic than any other racial/ethnic group in attendance at Minnesota's colleges and vocational schools. A summary of the Board's Latino project appears in Part IV.I.

FIGURE 2

HEADCOUNT ENROLLMENT BY MINORITY RACIAL/ETHNIC GROUP

ALL SYSTEMS 1974 AND 1979

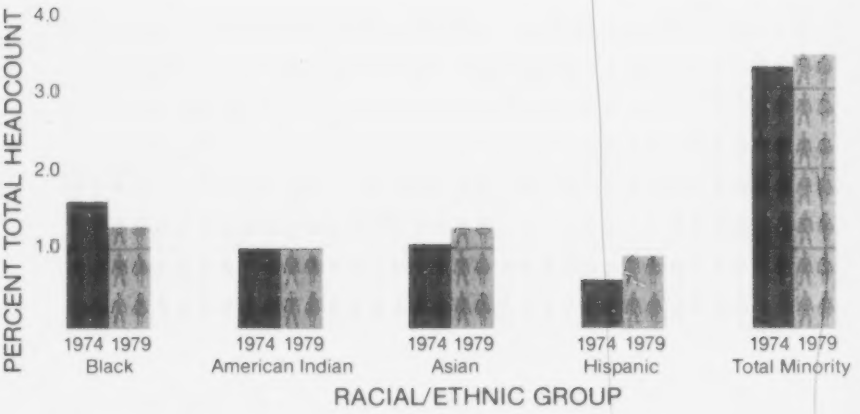


Source: Minnesota Higher Education Coordinating Board

FIGURE 3

PERCENT OF TOTAL HEADCOUNT ENROLLMENT BY MINORITY RACIAL/ETHNIC GROUP

ALL SYSTEMS 1974 AND 1979



Source: Minnesota Higher Education Coordinating Board

6. New Entering Freshmen Participation Rates

The rate of participation by students in Minnesota post-secondary education increased significantly between 1973 and 1976, but it has remained relatively stable since then.

The demand for post-secondary education and students' choices among the various post-secondary education systems can be assessed by a review of new entering freshmen participation rates.[4]

Statewide rates of participation in Minnesota post-secondary education, as displayed in Table 6, ranged from 66.59 in 1973 to 77.01 in 1977. Following the 1977 peak, participation rates were 74.05 in 1978 and 76.30 in 1979.

Participation rates at all public post-secondary institutions also peaked in 1977 with a rate of 65.92. The public participation rate declined to 63.5 in 1978 and increased again in 1979 to 65.08. The lowest rate during the seven-year period, 56.43, was reported in 1973.

New entering freshmen participated in private post-secondary education at rates ranging from 9.4 in 1974 to 11.87 in 1976. The rate declined to 11.09 in 1977 and again in 1978 to 10.54 but increased to 11.22 in 1979.

TABLE 6

NEW ENTERING FRESHMEN PARTICIPATION RATES BY SECTOR 1973-1979

Fall	All Public Systems	All Private Systems	All Collegiate Systems	All Vocational Systems	All Systems
1973	56.43	10.16	41.16	25.43	66.59
1974	58.34	9.40	42.10	25.64	67.83
1975	62.21	10.23	44.65	27.79	72.45
1976	64.89	11.87	45.80	30.96	76.76
1977	65.92	11.09	45.25	31.76	77.01
1978	63.50	10.54	47.17	26.87	74.05
1979	65.08	11.22	48.57	27.73	76.30

Source: Minnesota Higher Education Coordinating Board

7. Undergraduate Transfer Activity

During the 1978-79 academic year, 14,623 undergraduate students transferred from one Minnesota post-secondary institution to another, representing approximately 8.3 percent of total post-secondary enrollments.

The highest level of transfer activity, 1,608 students, occurred from community colleges to the University of Minnesota. Transfer trends by system are shown in Table 7. The state universities enrolled 1,499 transfer students who had previously attended community colleges. Conversely, more of the community colleges' new transfer students, 857, previously attended a University of Minnesota institution than those of any other system. Area vocational-technical institutes also reported accepting more transfers from the University of Minnesota, 829, than from any other system.

In each system, more departing transfer students enrolled at the University of Minnesota than at any other system's institutions. Data on University of Minnesota enrollment of students who have previously attended AVTIs are unavailable because transfers of credits do not occur.

In 1978-79, 3,063 students transferred into community colleges, while 4,648 undergraduates left community colleges for other institutions. Of these transfer students, 614 transferred from one community college to another. The state universities received 3,106 transfer students while 2,309 left for other institutions, including 407 transferring within the system. There were 4,222 students who transferred to the University of Minnesota and 3,419 who transferred from that system's institutions. Of these transfers, 950 moved from one University of Minnesota campus to another. Private four-year colleges received 1,229 transfer students and lost 2,119 to other institutions. There were 282 transfers from one private four-year institution to another. Area vocational-technical institutes enrolled 3,003 students who had previously attended another Minnesota post-secondary institution. Part III.F of this report summarizes efforts to coordinate transfer activity in Minnesota.

[4]New entering freshmen participation rates are calculated by dividing the number of fall term, new entering freshmen from a county by the number of high school graduates from that county the prior June. Even though all new entering freshmen are not recent high school graduates, the participation rates indicate trends in first-time student enrollment behavior

TABLE 7

UNDERGRADUATE TRANSFER ACTIVITY BY SYSTEM ACADEMIC YEAR 1978-79

System Transferred To	System Transferred From: Community Colleges	State Universities	University of Minnesota	Private Two-Year	Private Four-Year	AVTIs	Other	Total (To)
Community Colleges	614	587	857	51	323	477	154	3,063
State Universities	1,499	407	495	92	362	225	26	3,106
University of Minnesota	1,608	737	950	58	869	0	0	4,222
Private Four-Year Colleges	364	171	288	57	282	18	49	1,229
AVTIs	563	407	829	44	283	736	141	3,003
Total (From)	4,648	2,309	3,419	302	2,119	1,456	370	14,623

Source: Minnesota Higher Education Coordinating Board

8. Total Degrees Awarded

In academic year 1979, Minnesota post-secondary education institutions awarded more than 30,000 degrees at the associate, bachelor's master's, doctor's and first professional levels. In 1973, 28,808 degrees were awarded. The number of degrees conferred fluctuated in the intervening years, with the fewest degrees, 27,838, granted in 1976.

The number of bachelor's and doctor's degrees awarded declined between 1973 and 1979, as indicated in Table 8. In 1973, 20,155 bachelor's degrees were awarded, dropping to 18,901 in 1979, a decrease of more than 6 percent. Doctoral awards decreased almost 15 percent, from 557 in 1973 to 475 in 1979.

Professional degree awards nearly doubled in the period, rising from 879 in 1973 to 1,654 in 1979. Approximately 25 percent more associate and master's degrees were awarded in 1979 than in 1973. In 1979, 5,712 graduates received associate degrees, and there were 3,331 master's degree recipients.

TABLE 8

TOTAL DEGREES AWARDED BY LEVEL 1973-1979

Year	Degree: Associate	Bachelor's	Master's	Doctor's	First Professional	All Degrees
1973	4,490	20,155	2,727	557	879	28,808
1974	5,598	19,395	2,786	575	982	29,336
1975	5,141	18,466	2,943	539	1,063	28,152
1976	4,917	18,263	2,978	495	1,185	27,838
1977	5,586	18,228	3,420	522	1,214	28,970
1978	6,006	18,048	3,517	494	1,454	29,519
1979	5,712	18,901	3,331	475	1,654	30,073

Source: Minnesota Higher Education Coordinating Board

D. MINNESOTA POST-SECONDARY EDUCATION ENROLLMENT PROJECTIONS

How to respond to changes in participation such as declining enrollments is one of the urgent challenges facing Minnesota post-secondary education. Future enrollment trends, as summarized in this section, indicate that all systems will experience a decline. However, the timing and extent of future enrollment decreases will affect systems and institutions differently depending on their mission, geographic location and mix of programs. A review of enrollment projections is critical to any type of future policy planning.

Introduction: Current and projected enrollment trends by system, institution, level of instruction and region form a primary basis for post-secondary educational planning and decisionmaking. The number, location and enrollment characteristics of Minnesota residents seeking post-secondary educational services determine the need for institutions, programs and related services provided by the state's educational systems. If public institutions are to remain responsive to residents of Minnesota and if the governor and legislature are to make appropriate financing decisions to support the public post-secondary education system, careful enrollment planning must be accomplished. Current decisions must be considered in the context of long-term enrollment trends.

The projections that appear below are for full-year equivalent enrollments (FYE) for the public collegiate systems and average daily membership (ADM) for the area vocational-technical institutes.[5] The Coordinating Board staff also prepares headcount projections for each public institution as well as enrollments by level of instruction. The Board does not project private college enrollments.

The model used by the Coordinating Board staff to project institutional enrollments is based on known demographic conditions and current enrollments in post-secondary institutions. As the projections are updated each year, the most recent conditions are used to modify previous trends.

The primary elements in the model are the number of live births, elementary and secondary school enrollments, high school graduates, new entering freshmen in post-secondary education by county of residence, headcount enrollments by level of instruction, and full-year equivalent and average daily membership enrollment. A more detailed explanation of the model appears in the Board's most recent enrollment projection report.[6] This document also contains the most recent projections for each institution.

The Board projects a high and low enrollment for each year for each institution. Enrollment rates and patterns are subject to many factors which cannot be controlled by policymakers. Therefore, it is not possible to project accurately a single enrollment figure and a range is provided.

Summary of Demographic Trends: Minnesota has experienced a dramatic decrease in annual live births since 1959 when more than 88,390 babies were born. Between 1959 and 1974, annual live births decreased by 40 percent and totaled 53,783. Live births have remained relatively stable in Minnesota since 1974. Live births are a primary determinant of elementary and secondary school enrollments and the number of high school graduates 18 years later. The dramatic decline in live births during the 1960s will result in a similar decrease in the traditional college-age population during the 1980s and the early 1990s.

Projected high school graduates in Minnesota are presented in Table 9 for five year intervals beginning in 1980. The curve of the projected high school graduate population in Minnesota is almost parallel to the live birth curve 18 years earlier. It is estimated that the number of high school graduates in Minnesota will decrease from 72,000 in 1980 to a low point of 44,000 in 1992, a decline of more than 36 percent.

The projected number of high school graduates varies by planning region. Planning regions are shown in Figure 4. For example, the metropolitan planning region is projected to experience a drop of high school graduates of more than 42 percent. Planning region 7E, in comparison, is projected to experience an increase in the number of high school graduates for five more years, followed by a brief decline and another increase above present levels. The projected increase in high school graduates in planning region 7E is caused by the migration of families with school-

[5]Total full-year equivalent enrollment counts result from dividing the total number of credit hours generated that year by the normal full-time credit hour load at an institution.

One average daily membership is defined as 175 school days times six hours of instruction, or 1,050 clock hours.

[6]Minnesota Higher Education Coordinating Board, ***Minnesota Post-Secondary Education Enrollment Projections 1979-80 to 2000-01: Staff Technical Paper*** (September 1979).

TABLE 9

PROJECTED HIGH SCHOOL GRADUATES BY PLANNING REGION
1980-2000

Region	1980	1985	1990	1995	2000
1	1,917	1,514	1,578	1,073	1,330
2	1,123	952	969	818	983
3	6,069	4,472	4,206	3,491	4,138
4	3,582	2,750	2,516	2,292	2,798
5	2,520	2,089	2,155	1,838	1,929
6 E	2,077	1,674	1,643	1,262	1,631
6 W	1,277	860	734	579	736
7 E	1,953	1,733	1,979	1,549	2,014
7 W	4,347	3,875	3,709	3,226	4,098
8	2,689	1,995	1,620	1,454	1,778
9	4,068	2,991	2,589	2,453	2,885
10	7,245	5,494	4,643	4,206	5,008
11	33,170	25,878	22,954	22,210	25,642
Total	72,044	56,231	51,301	46,456	54,975

Source: Higher Education Coordinating Board

age children to the suburban and rural areas north and northwest of the Twin Cities.

In summary, the projected decrease in high school graduates in Minnesota varies by region and should not be assumed to be uniform throughout the state. Because many public post-secondary institutions in Minnesota provide regional access to local populations, they will be affected differently by the decreasing number of high school graduates. Institutions located in areas of relative stability or growth will benefit, and institutions located in areas of the state with severe school enrollment decreases will be affected similarly as those students move through high school and into post-secondary education.

Projected Enrollments, Public Collegiate Systems: Enrollments in the public collegiate systems are projected to decline from a high point of approximately 100,000 full-year equivalents to a low of 67,000 to 71,000 in the mid-1990s, at which time they will begin to increase slowly. Collegiate enrollments are projected to remain relatively stable for the next three to four years as shown in Figure 5. Individual institutions will vary from this overall pattern with some institutions experiencing increases and others losing enrollments immediately.

Area Vocational-Technical Institutes: Enrollments in the area vocational-technical institutes are projected to remain at approximately current levels for the next five to six years, as shown in Figure 6. At the low point, which is projected to occur in 1995, it is estimated that average daily membership will be in the range of 22,500 to 23,500, or about 8,500 below 1978-79. The percentage decrease anticipated in the area vocational-technical institutes is less than the drop projected for the collegiate systems. In 1989, it is projected there will be six AVTIs with less than 400 ADM, two with less than 300 ADM and one with less than 200 ADM. Now, there are four AVTIs with less than 400 ADM and two with less than 300 ADM.

Projecting enrollments for the area vocational-technical institutes is difficult. Because programs in the AVTIs are tied closely to the labor market, economic trends can quickly and significantly affect enrollments. The model used by the Coordinating Board is not sensitive to short term fluctuations in society such as economic depressions. Second, it is difficult to anticipate technological changes which could affect instructional programs in the AVTIs. New programs can begin suddenly, and the need for existing programs can be terminated. And, when the economy is strong, high school graduates and others can find employment opportunities with the benefit of additional, specialized training.

Community College System: Aggregate enrollments in the Community College System are projected to decline by approximately 17 percent below present levels at the low point in 1994, as shown in Figure 5. Then, the community college full-year equivalent enrollments will total between 15,500 and 16,200. The projected enrollment decrease in the community colleges is the smallest of the three public collegiate systems in Minnesota. Total enrollments in the Community College System are projected to remain stable or increase slightly during the next three years before the decrease begins. In 10 years, it is expected that enrollments in the system will have declined between 5 and 6 percent. At that time, it is projected that there will be six community colleges with less than 500 FYE, two with less than 400 FYE and one with less than 300 FYE. Now, there are three

FIGURE 4
MINNESOTA PLANNING REGIONS

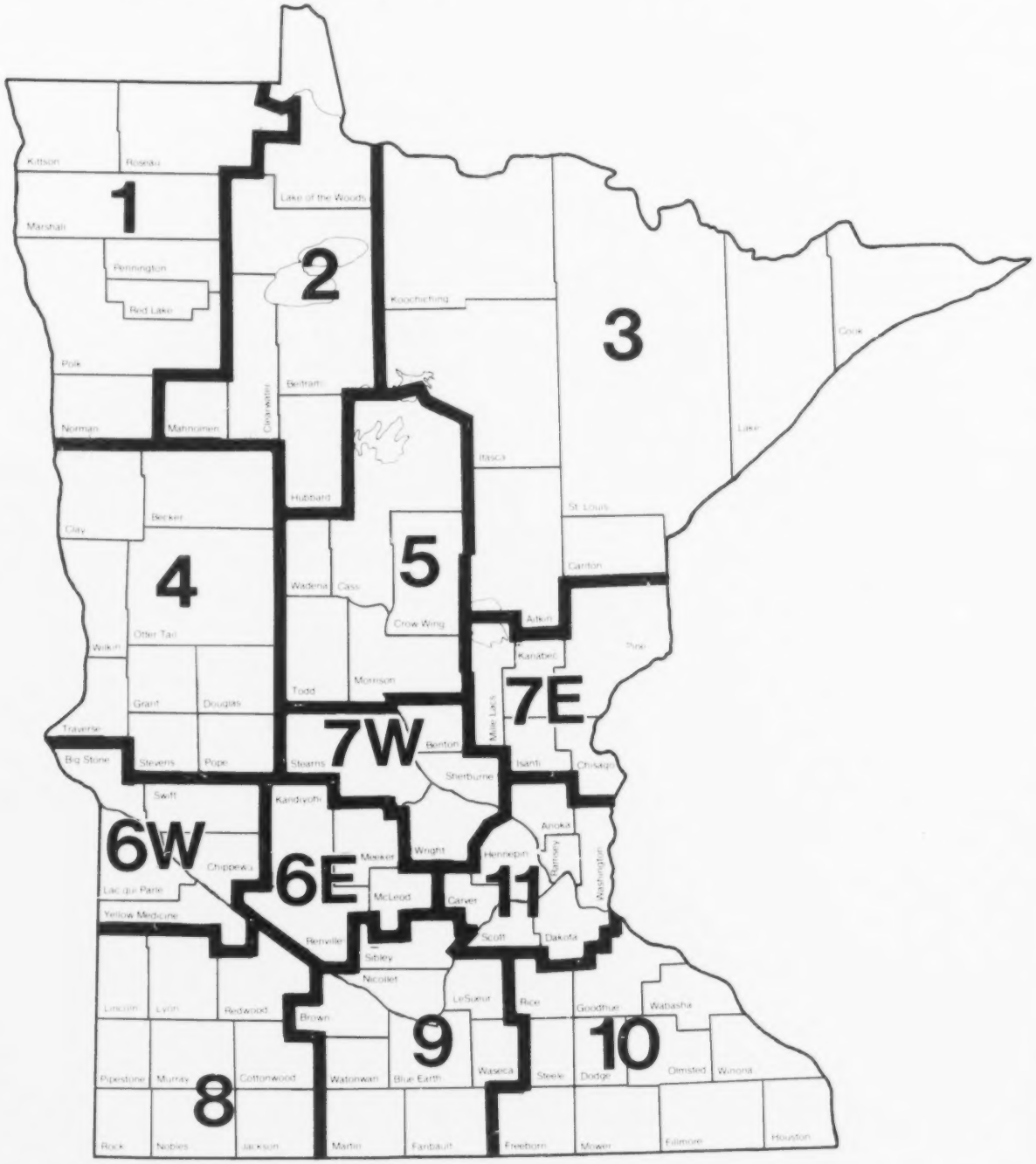
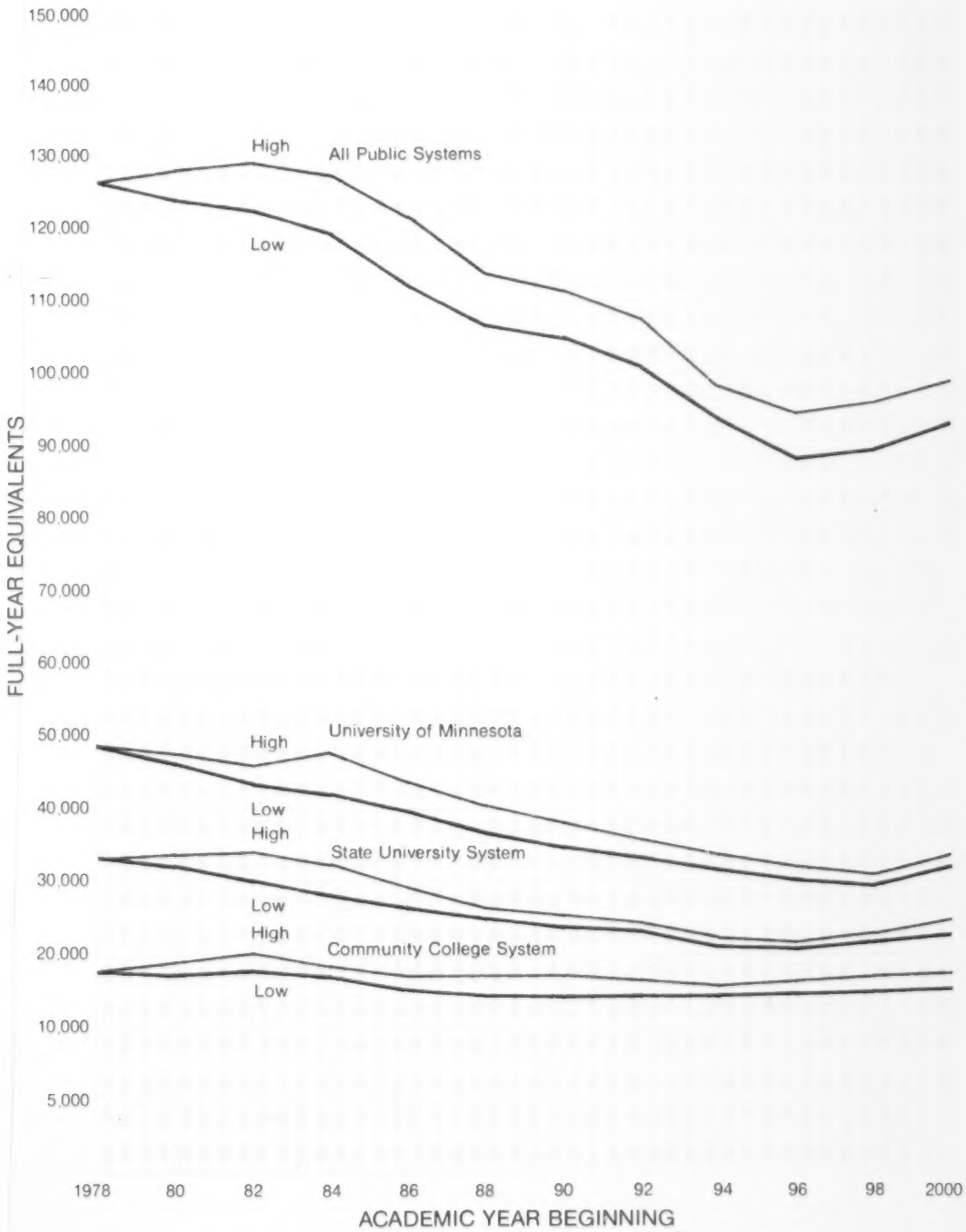


FIGURE 5

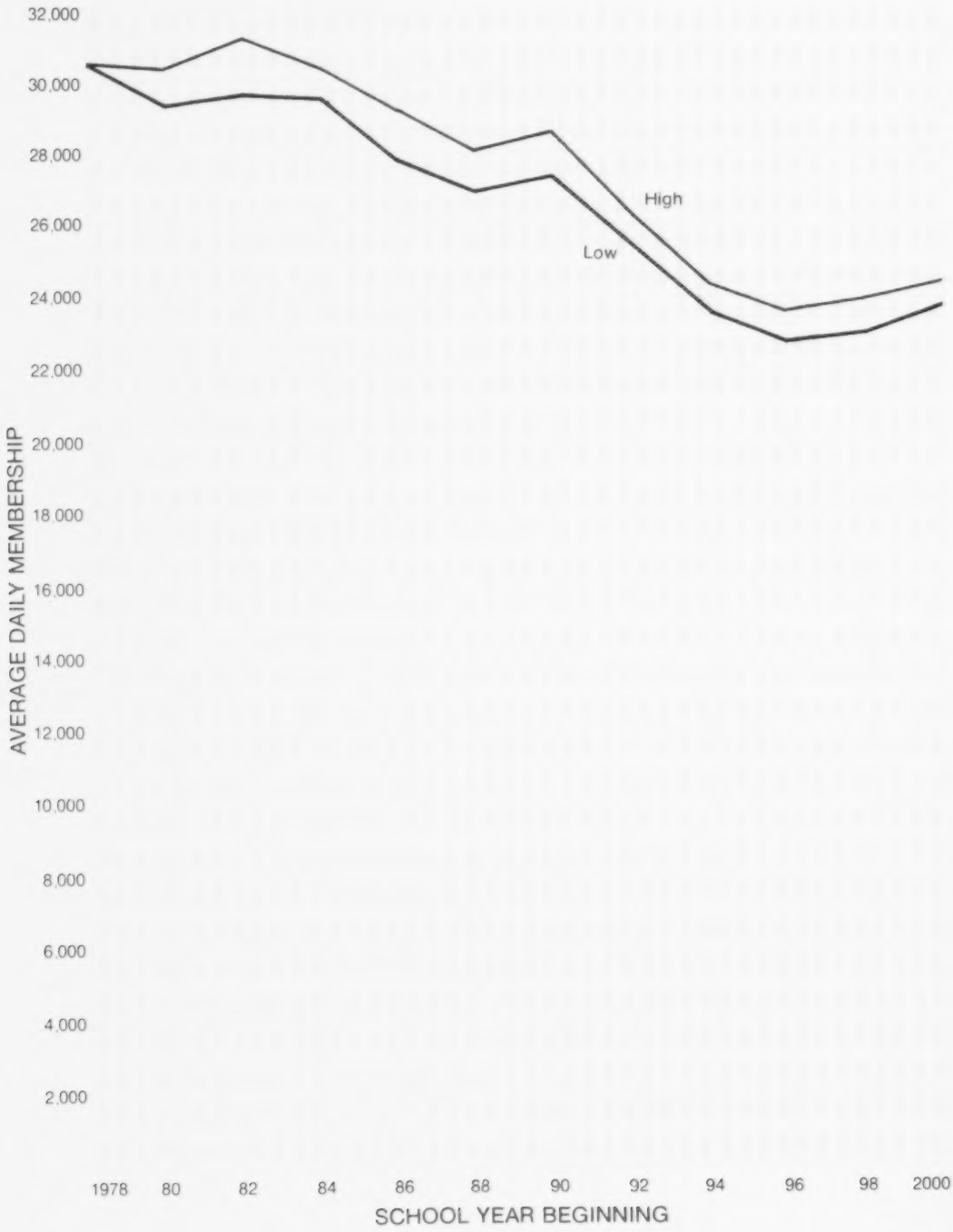
PROJECTED FULL—YEAR EQUIVALENT ENROLLMENTS BY ALL PUBLIC SYSTEMS AND PUBLIC COLLEGIATE SYSTEM 1979-80 to 2000-01



Source: Minnesota Higher Education Coordinating Board

FIGURE 6

PROJECTED AVERAGE DAILY MEMBERSHIP ENROLLMENTS AREA VOCATIONAL-TECHNICAL INSTITUTES 1979-80 TO 2000-01



Source: Minnesota Higher Education Coordinating Board

colleges with less than 500 FYE and three with less than 400 FYE.

State University System: Enrollments in the State University System are projected to decline by 28 to 31 percent by 1995, or 8,000 to 9,000 full-year equivalent enrollments below current levels. During the next three years, enrollments in the State University System are projected to either remain stable or decline by up to 5 percent. In 1989, it is projected that enrollments in the system will have decreased by 16 to 19 percent, or more than 4,000 full-year equivalents. The State University System is projected to experience the most severe enrollment decrease of the four public post-secondary systems in Minnesota. This is due to their outstate locations in areas of relatively sparse population concentrations and the fact that they compete for lower division general education students with the state community colleges.

University of Minnesota: Total enrollments in the University of Minnesota system are expected to maintain present levels, or experience slight decreases of up to 5 percent during the next four years. By 1989, enrollments in the University of Minnesota are projected to decrease by 15 to 20 percent, or more than 7,000 full-year equivalents. At the low point in the projection period in 1996-97, enrollments at the University of Minnesota will be approximately 30 percent below current levels.

E. MINNESOTA INVESTMENT IN POST-SECONDARY EDUCATION

Deciding how much to invest in post-secondary education and how to allocate those funds is one of the primary policy decisions made by the governor and legislature. Decisions about how to distribute public funds between institutions and financial aid and the amount of public assistance provided to private institutions through public programs can significantly affect programs and access to post-secondary education. In the context of major enrollment declines and other changing conditions, a major question will be what proportion of the state's investment should be allocated directly to students in comparison to the percentage that goes directly to institutional support. Another central policy issue will be the question of who should pay for post-secondary education and how much; what is the appropriate share for the state and the students? This section highlights trends in tuition costs, financial aid, tuition revenue, appropriations and faculty compensation.

1. Price to the Student

Between Fiscal Years 1971 and 1980 the increased costs of attending a public or private collegiate institution in Minnesota ranged from 62 percent to 103 percent in all systems. But in terms of 1971 dollars, tuition and fee charges declined in the State University System and the Community College System.

The cost of tuition and fees at the University of Minnesota increased by 103 percent between Fiscal Year 1971 and 1980. Adjusted for inflation, the increase was 4.02 percent as indicated in Table 10 and Figure 7.

TABLE 10

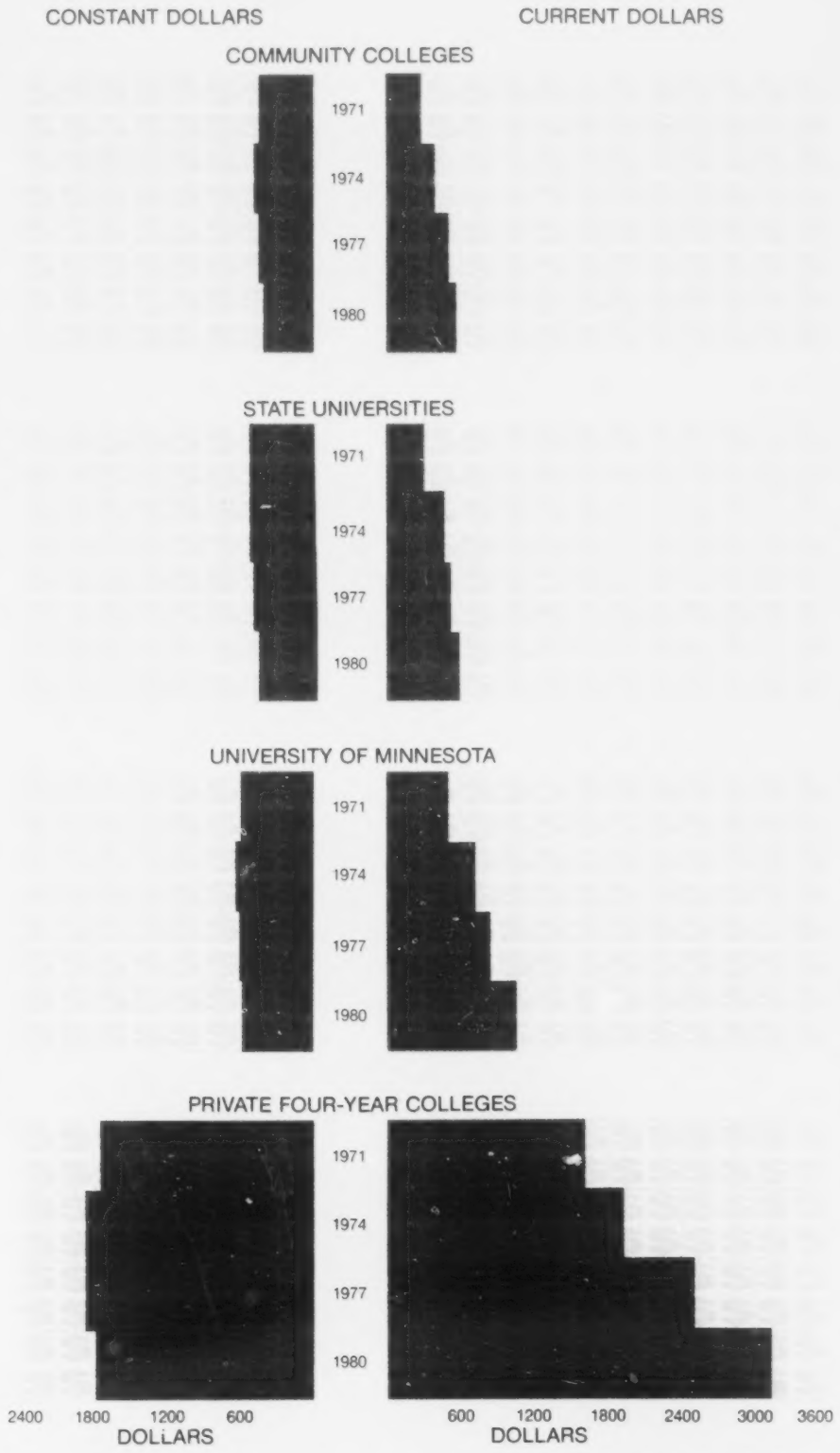
REQUIRED TUITION AND FEE CHARGES
FULL-TIME RESIDENT UNDERGRADUATES
FISCAL YEAR 1971—FISCAL YEAR 1981

Fiscal Year	University of Minnesota		State University System		Community College System		Private Four-Year Colleges[1]	
	Current	Constant*	Current	Constant*	Current	Constant*	Current	Constant*
1971	$ 522	$522	$379	$379	$353	$353	$1,671	$1,671
1972	525	508	416	403	386	374	1,795	1,738
1973	641	599	416	389	386	361	1,933	1,807
1974	683	587	453	390	420	361	2,029	1,746
1975	714	554	479	372	420	326	2,203	1,709
1976	772	556	519	374	461	332	2,382	1,716
1977	815	556	545	372	495	338	2,576	1,756
1978	927	585	590	372	518	327	2,882	1,819
1979	994	569	608	348	540	309	2,999	1,716
1980	1,060	543	675	346	574	294	3,284	1,682
1981[2]	1,185		741		637		3,674	
Percent Change 1971-1980	103.06%	4.02%	78.10%	(−8.71%)	62.60%	(−16.68%)	96.52%	0.06%
Percent Change 1971-1981	127.01%		87.59%		80.45%		119.86%	

*Minneapolis/St. Paul Consumer Price Index, 1971 = 100.
[1]Members of the Minnesota Private College Council.
[2]Includes tuition surcharge for winter and spring quarters in the public collegiate systems.
Source: Higher Education Coordinating Board.

FIGURE 7

TUITION AND FEES BY COLLEGIATE SYSTEM



Source: Minnesota Higher Education Coordinating Board

TABLE 11

TUITION GAP IN PUBLIC AND PRIVATE FOUR-YEAR INSTITUTIONS, FISCAL YEARS 1971-1981

	Private Four-Year Colleges and Universities[1]			
	University of Minnesota[2]		State Universities	
Fiscal Year	Current	Constant*	Current	Constant*
1971	$1,149	$1,149	$1,292	$1,292
1972	1,270	1,230	1,379	1,335
1973	1,292	1,208	1,517	1,418
1974	1,346	1,159	1,576	1,356
1975	1,489	1,155	1,724	1,337
1976	1,610	1,160	1,863	1,342
1977	1,761	1,200	2,031	1,384
1978	1,955	1,234	2,292	1,447
1979	2,005	1,147	2,391	1,368
1980	2,224	1,139	2,609	1,336
1981	2,489		2,363	
Percent Change 1971-1980	93.35%	(−0.88%)	101.34%	3.40%

[1]Average tuition and fees for institutions in the Minnesota Private College Council.
[2]Tuition for Morris, Duluth and the College of Liberal Arts at the Twin Cities campus.
*Minneapolis/St. Paul Consumer Price Index, 1971 = 100.
Source: Higher Education Coordinating Board

Current dollar tuition and fee charges increased 78.1 percent in the state universities and 62.6 percent in the community colleges. But the cost to a student attending a state university fell 8.7 percent in constant dollars. For a community college student the constant dollar price fell 16.7 percent.

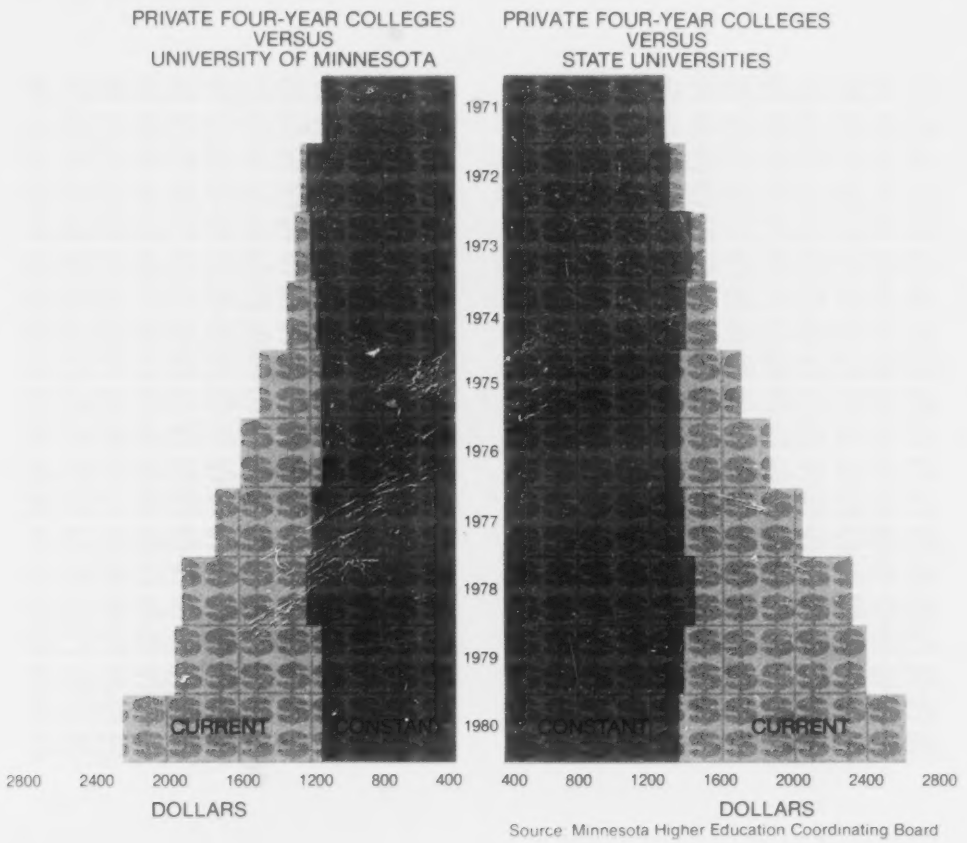
The cost of attending a private four-year college rose 96.5 percent in current dollars but increased less than one percent in terms of 1971 dollars.

In constant dollars the tuition gap between private four-year colleges and the University of Minnesota fell by .88 percent between 1971 and 1980. The gap between private four-year colleges and the state universities increased by 3.4 percent, as shown in Table 11 and Figure 8.

Tuition represents the basic price charged by an institution to a student for enrolling in post-secondary education. Since virtually every post-secondary institution requires some fees in addition to tuition for a full-time student, tuition and required fees more accurately represent the total charges by an institution to a student.

FIGURE 8

TUITION GAP BETWEEN THE PRIVATE FOUR—YEAR COLLEGES AND THE PUBLIC FOUR—YEAR COLLEGIATE SYSTEMS IN CURRENT AND CONSTANT DOLLARS, 1971-1980



Source: Minnesota Higher Education Coordinating Board

2. Financial Aid Trends

Between 1969 and 1981 state appropriations to financial aid grew from $375,000 to $42 million (including appropriations for reciprocity). The number of programs increased from two (scholarships and nursing grants) to 14.

A history of state appropriations for financial aid programs appears in Table 12. In Fiscal Year 1981 state appropriations for financial aid, excluding reciprocity, totaled $32.6 million. Total funding for all state student aid programs in 1981 is expected to exceed $140 million. Of this amount, $98.5 million is expected to consist of loan funds.

Minnesota's support for financial aid continues to rank high nationally. Based on estimates for the 1980-81 school year, Minnesota ranks third in need-based aid by providing $7.88 per person.[7] Minnesota ranks seventh nationally in the dollar amount of awards and eighth in the number of need-based awards.

The growth in state financial aid appropriations has been complemented by the increased funding of federal, private and institutional programs. In Fiscal year 1980, for example, an estimated $53.4 million in federal Basic Educational Opportunity Grant (BEOG) funds was disbursed to students attending Minnesota institutions, up 60 percent from $32.9 million in 1979.

Between Fiscal Years 1975 and 1981 applications to the State Scholarship and Grant-in-Aid Programs increased by more than 50,000. During the same period demand for the State Student Loan Program more than tripled.

[7] ***National Association of State Scholarship and Grant Programs, 12th Annual Survey, 1980-81 Academic Year;*** on a per capita basis, dollars and cents per 1978 population. Minnesota trailed New York and Vermont.

TABLE 12

STATE APPROPRIATIONS FOR STUDENT ASSISTANCE FISCAL YEARS 1968-1981

	1968	1969	1970	1971	1972	1973	1974
Grants							
Scholarships		250,000	575,000	857,000	1,590,000	2,500,000	3,175,000
Grant-in-Aid			200,000	600,000	1,040,000	2,200,000	3,125,000
Nursing Grants	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Subtotal	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	6,425,000
AVTI Subsidy							
Part Time Grant							
Vets Dependents							
TOTAL	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	6,425,000
Loans and Work Study							
GSLP[1]							579,000
MMOLP[2]							232,300
Work Study							
Foreign Student							
TOTAL	—	—	—	—	—	—	811,300
Reciprocity							
TOTAL ALL PROGRAMS	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	7,236,300
TOTAL STATE MONIES[4]	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	6,425,000

	1975	1976	1977	1978	1979	1980	1981
Grants							
Scholarships	3,875,000	5,000,000	5,750,000	7,589,033	9,163,951	10,096,400	11,521,200
Grant-in-Aid	3,875,000	8,500,000	9,400,000	13,650,000	16,650,000	12,103,600	15,298,800
Nursing Grants	125,000	125,000	125,000[3]				
Subtotal	7,775,010	13,625,000	15,275,000	21,239,033	25,813,951	22,200,000	26,820,000
AVTI Subsidy					3,600,000	1,792,500	1,792,500
Part Time Grant				250,000	500,000	375,000	375,000
Vets Dependents	10,000	10,000	10,000	10,000	10,000	2,000	2,000
TOTAL	7,785,000	13,635,000	15,285,000	21,499,033	29,923,951	24,369,500	28,989,500
Loans and Work Study							
GSLP[1]	15,800,000	22,900,000	24,700,000	27,700,000	38,500,000	51,500,000	98,000,000*
MMOLP[2]	300,722	315,850	303,800	463,000	475,000	576,000	510,000*
Work Study		500,000	1,250,000	1,600,000	1,600,000	2,600,000	3,600,000
Foreign Student	80,000	80,000	80,000	80,000	80,000	45,000	45,000
TOTAL	16,180,722	23,795,850	26,333,800	29,843,000	40,655,000	54,721,000	102,155,000
Reciprocity		4,732,938	4,907,700	6,094,870	6,627,800	10,075,500	9,363,000
TOTAL ALL PROGRAMS	23,965,732	42,163,788	46,526,500	57,436,903	77,206,751	89,166,000	140,507,500
TOTAL STATE MONIES[4]	7,865,010	18,947,938	21,522,700	29,273,903	38,231,751	37,090,000	41,997,500

[1]Guaranteed Student Loan Program amounts reflect loan advances

[2]Minnesota Medical and Osteopathy Loan Program

[3]Included in Grants-in-Aid subsequent to FY 1977

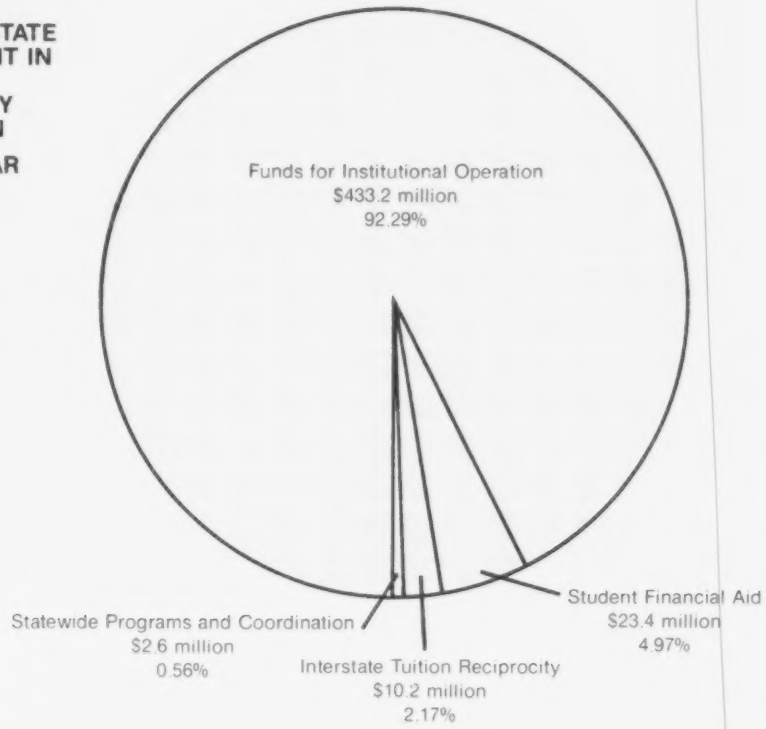
[4]Total all programs less GSL & MMOLP which are financed by issuance of tax exempt revenue bonds by the Minnesota Higher Education Coordinating Board

*Projected figures

FIGURE 9

RELATIVE STATE INVESTMENT IN POST-SECONDARY EDUCATION

FISCAL YEAR 1980



Source: Minnesota Higher Education Coordinating Board

3. Relative State Investment In Post-Secondary Education

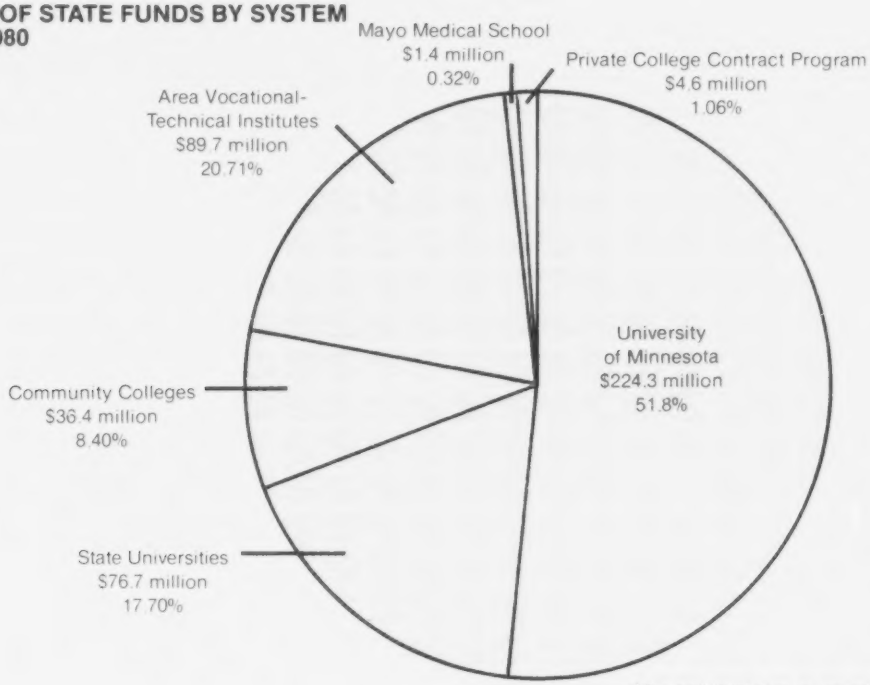
Total state funding for post-secondary education in Fiscal Year 1980 was $469.4 million as shown in Figure 9. Of that amount, $433.2 million, or 92.29 percent, was for institutional operations. State funding for student financial aid in Fiscal Year 1980 totaled $23.4 million, or 4.97 percent of all appropriations. Interstate tuition reciprocity programs with North Dakota, South Dakota and Wisconsin received $10.2 million in state support, or 2.17 percent of the total investment in post-secondary education. Statewide programs and coordination received $2.6 million, or 0.56 percent of all funds. Funds for statewide programs and coordination include support for the Minnesota Inter-Library Telecommunications Exchange (Minitex), the Post-High School Planning Program (PSPP) and the HECB-administered regional centers, Financial Aid Administration and the Coordinating Board.

Of those state funds made available for institutional operation, the largest proportion went to the University of Minnesota, $224.3 million, or 51.8 percent, as shown in Figure 10. The Private College Contract Program received $4.6 million, or 1.06 percent of funds for institutional operations. Public systems of post-secondary education received 98.62 percent of all funds for institutional operations.

State funds for student financial aid are presented in Figure 11. Students enrolling in private colleges received 49 percent of all money awarded; students enrolled in the public systems received 51 percent of student financial aid dollars.

FIGURE 10

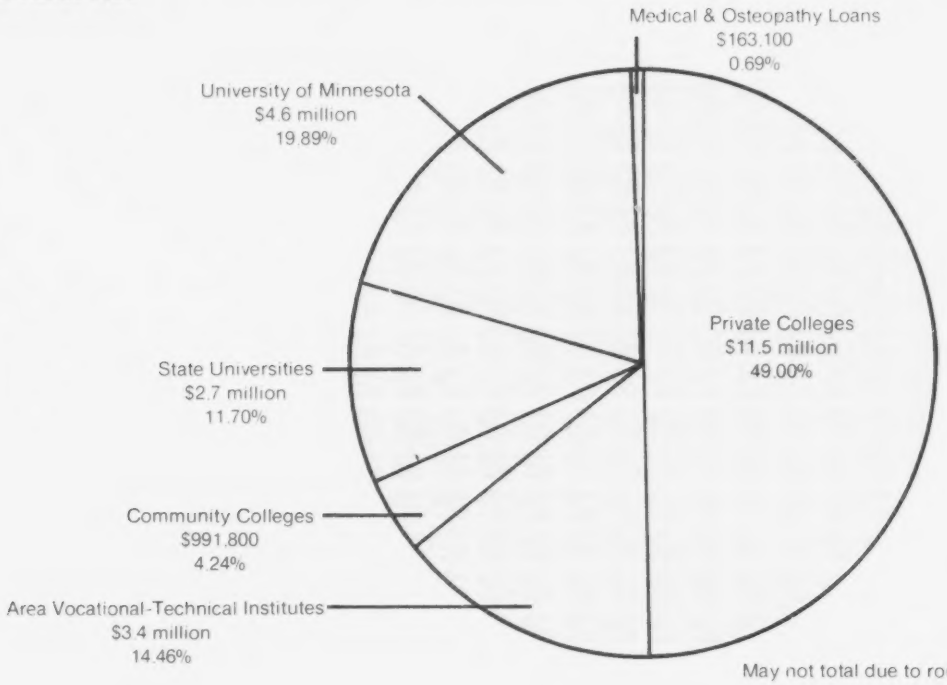
DISTRIBUTION OF STATE FUNDS BY SYSTEM
FISCAL YEAR 1980



May not total due to rounding.

FIGURE 11

DISTRIBUTION OF FINANCIAL AID AWARDS BY SYSTEM
FISCAL YEAR 1980



May not total due to rounding.

4. Tuition Revenue

Tuition revenue in constant dollars at the University of Minnesota increased by 28.57 percent between 1971 and 1980. In terms of 1971 dollars, tuition revenue increased by 20 percent in the community colleges and declined 5.46 percent in the state universities as shown in Table 13.

On a per student basis tuition revenue in constant dollars rose by almost 18 percent at the University of Minnesota but fell 12.76 percent in the state universities and 3.79 percent in the community colleges.

Tuition revenue in constant dollars at the area vocational-technical institutes increased by 259 percent during the period, due primarily to the imposition of a tuition charge in 1978-79 for resident students under 21.

Tuition revenue is a primary source of income for systems and institutions of post-secondary education. As enrollments decline during the 1980s, tuition revenue can be expected to decrease accordingly. (See Section IV.D.) The data for 1971 to 1980 include all tuition revenue from resident and non-resident students and for students enrolled both full and part-time.

5. State Appropriations

State appropriations per student increased in constant dollars in all three public collegiate systems between Fiscal Year 1971 and 1980. However, the size of the increase varied among the systems.

Adjusted for inflation, increases of 17 to 18 percent were experienced by the University of Minnesota and the State University System during the 10-year period. These trends are shown in Table 14. The Community College System received a 2.6 percent increase in constant dollar appropriations per student.

In constant dollars, the University of Minnesota received a $21 million increase, the state universities received a $7.1 million increase, and the community colleges received a $4.1 million increase.

These state appropriations represent the major source of support for public institutions. Examining public support for post-secondary education on a per student basis controls for changing enrollment levels. This is significant because historically a close relationship has existed between state funding and enrollments. Portraying the data in constant dollars shows the extent to which state funding for post-secondary education has kept pace with inflation.

In summary, public institutions receive revenue from two primary sources — students and state appropriations. Private institutions receive the largest percentage of their revenue from tuition and fees, followed by private gifts and donations. The University of Minnesota also receives a large amount of funds from the federal government for special research projects, most of which are not related to the instructional program. While there are other smaller sources of income to all institutions, they do not amount to a significant portion of the total revenue picture.

6. Faculty

In only one system of Minnesota post-secondary education did females constitute more than one third of the full-time instructional faculty in 1978-79; that was the Community College System in which females totaled 36.6 percent of the total. In the other public post-secondary systems, females represented less than one fourth of the full-time instructional faculty, as shown in Table 15.

The four public post-secondary systems in 1978-79 employed 7,307 full-time instructional faculty. Of that total, 1,612, or 22 percent, were females. In all public and private post-secondary systems there were 8,602 full-time instructional faculty in 1978-79. Of that total, 1,983, or 23 percent, were females.

Average salaries for full-time, nine month instructional faculty in 1978-79 ranged from a high of $22,072 at the University of Minnesota to a low of $17,036 in the private colleges and universities. These comparisons can be found in Table 16.

Average salaries in the public post-secondary education systems were higher in all cases than the average salary for full-time instructional faculty in the private colleges and universities. Average salaries were higher for males than for females in all systems in 1978-79 for both the nine-month appointments and 11-12 month appointments.

Total average compensation, which includes fringe benefits, was higher at the University of Minnesota in 1979-80 for full-time nine-month faculty than in any other public or private post-secondary system. See Table 17.

Total average compensation at the University of Minnesota for nine-month faculty was $30,259. This was 21 percent higher than average compensation in the next highest system, the State University System.

Within the collegiate systems, all three public systems had higher total average compensation than private colleges and universities in Minnesota at all appointment levels.

The 1979 Minnesota Legislature directed the Coordinating Board to conduct a study of salaries, fringe benefits and professional employees in post-secondary education. A summary of this project can be found in IV.E of this report. The complete study contains extensive data on Minnesota faculty.

TABLE 13

TOTAL TUITION REVENUE AND TUITION REVENUE PER FULL-TIME-EQUIVALENT STUDENT BY PUBLIC SYSTEM 1971, 1976 AND 1980

System	1971 Current	1971 Constant**	1976 Current	1976 Constant
University of Minnesota				
Tuition Revenue	$ 19.6	$ 19.6	$ 34.5	$ 25.0
Per Student	$445	$445	$720	$522
State Universities				
Tuition Revenue	$ 11.0	$ 11.0	$ 14.2	$ 10.3
Per Student	$337	$337	$434	$315
Community Colleges				
Tuition Revenue	$ 5.0	$ 5.0	$ 7.8	$ 5.7
Per Student	$291	$291	$385	$282
Area Vocational Technical Institutes				
Tuition Revenue	$ .8	$ .8	$ 2.3	$ 1.7
Per Student			$ 80	$ 59

	1980 Current	1980 Constant	Percent Change 1971-1980 Current	Percent Change 1971-1980 Constant
University of Minnesota				
Tuition Revenue	$ 46.7	$ 25.2	138.26%	28.57%
Per Student	$974	$525	188.76	17.97
State Universities				
Tuition Revenue	$ 19.3	$ 10.4	75.45	(– 5.46)
Per Student	$545	$294	61.72	(– 12.76)
Community Colleges				
Tuition Revenue	$ 11.1*	$ 6.0	122.00	20.00
Per Student	$517	$280	77.66	(– 3.79)
Area Vocational Technical Institutes				
Tuition Revenue	$ 11.4	$ 6.1	395.65	258.82
Per Student	$359	$192	348.75	225.42

*Excludes $1.75/credit hour activity fee
**Minneapolis/St. Paul Consumer Price Index, 1971 = 100
Notes — 1976 is base year of comparison for the area vocational-technical institutes
Tuition Revenue in millions
Per Student in dollars
Source: Higher Education Coordinating Board

TABLE 14

STATE APPROPRIATIONS FOR INSTRUCTION BY SYSTEM IN CURRENT AND CONSTANT DOLLARS PUBLIC COLLEGIATE SYSTEMS[1] FISCAL YEARS 1971 AND 1980

	Fiscal Year					
	1971		1980		% Change	
	Current	Constant*	Current	Constant	Current	Constant
University of Minnesota						
Total State Appropriations	$ 74.2 (million)	$ 74.2 (million)	$176.8 (million)	$ 95.4 (million)	138.27%	28.57%
Appropriations Per Student	$1,683	$1,683	$3,687	$1,990	119.07	18.24
State Universities						
Total State Appropriations	$ 30.0 (million)	$ 30.0 (million)	$ 68.7 (million)	$ 37.1 (million)	129.00%	23.66%
Appropriations Per Student	$ 919	$ 919	$2,001	$1,081	117.73	17.62
Community Colleges						
Total State Appropriations	$ 14.5 (million)	$ 14.5 (million)	$ 34.4 (million)	$ 18.6 (million)	137.24%	28.27%
Appropriations Per Student	$ 845	$ 845	$1,603	$ 867	89.70	2.60

[1]Maintenance and Expenditure Account for the state universities and community colleges, derived through instructional cost study at the University of Minnesota
*Minneapolis/St. Paul Consumer Price Index, 1971 = 100
Source: Higher Education Coordinating Board

TABLE 15

NUMBER AND DISTRIBUTION OF FULL-TIME ACADEMIC FACULTY BY SYSTEM AND SEX, 1978-79

	Instructional Faculty					
	Males		Females		Total	
	No.	%	No.	%	No.	%
University of Minnesota	2,620	82.9%	540	17.1%	3,160	100.0%
State Universities	1,291	75.9	411	24.1	1,702	100.0
Community Colleges	346	63.4	200	36.6	546	100.0
AVTIs	1,438	75.7	461	24.3	1,899	100.0
Private Colleges[1]	924	71.4	371	28.6	1,295	100.0

[1]Nine-month instructional faculty only
Source: Higher Education Coordinating Board

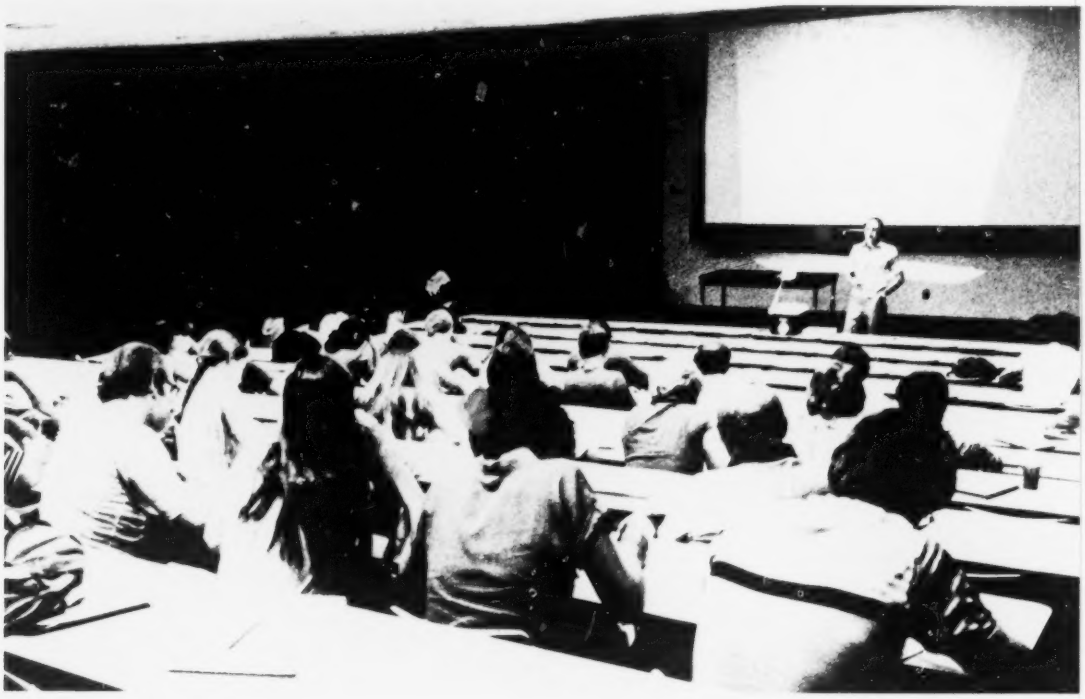


TABLE 16

AVERAGE SALARY FOR FULL-TIME INSTRUCTIONAL FACULTY BY SYSTEM AND SEX, 1978-79

	9 Month			11-12 Month		
	Male	Female	Total	Male	Female	Total
University of Minnesota	$23,072	$17,655	$22,072	$28,390	$22,894	$27,527
State Universities	19,934	17,428	19,323	23,557	20,758	22,923
Community Colleges	19,149	16,235	18,081	—	—	—
AVTIs	19,575	17,357	19,036	—	—	—
Private Four-Year[1]	17,773	15,199	17,036	NA	NA	20,278

[1]Members of the Minnesota Private College Council
Source: Minnesota Higher Education Coordinating Board

TABLE 17

AVERAGE SALARY AND FRINGE BENEFITS BY SYSTEM AND RANK, 1979-80 FULL-TIME NINE MONTH FACULTY

	University of Minnesota			State Universities		
	Salary	Fringe	Total	Salary	Fringe	Total
Instructor	$15,237	$3,978	$19,215	$14,628	$3,954	$18,582
Assistant Professor	18,070	4,557	27,627	18,133	4,453	22,586
Associate Professor	22,459	5,464	27,928	21,009	4,846	25,855
Professor	31,263	6,997	38,260	25,012	5,393	30,405
All Ranks	24,490	5,769	30,259	20,252	4,739	24,991

	Community Colleges			AVTIs		
	Salary	Fringe	Total	Salary	Fringe	Total
Instructor	$20,158	$4,730	$24,888	$19,190	—	—
Assistant Professor	—	—	—	—	—	—
Associate Professor	—	—	—	—	—	—
Professor	—	—	—	—	—	—
All Ranks	20,158	4,730	24,888	19,190	—	—

	Private Colleges[1]		
	Salary	Fringe	Total
Instructor	$13,700	$1,900	$15,600
Assistant Professor	16,400	2,800	19,200
Associate Professor	19,400	3,600	23,000
Professor	24,600	4,800	29,400
All Ranks	19,100	3,400	22,500

[1]Includes institutions in the Minnesota Private College Council

[2]No fringe benefits reported for AVTI faculty to the State Department of Education Teacher Licensure File

Source: Minnesota Higher Education Coordinating Board

F. CONCLUSION

The trends and conditions highlighted on the preceding pages set the stage for the Coordinating Board's policy, planning and coordination activities outlined in subsequent chapters. The data show that the rate of participation has stabilized and that severe enrollment declines are projected. Further, the data show significant trends in characteristics of enrolled students—more females, more part-time students, older students and mobile students.

A review of financing trends indicates that the state's investment in post-secondary education is approaching a half billion dollars a year. This includes aid to institutions and assistance provided directly to students. The investment is supporting more than 7,000 full-time instructors employed in Minnesota's four public systems of post-secondary education.

These actual and projected trends pose serious implications for many state post-secondary education policies. The Coordinating Board's activities during the biennium address how the state can best continue to support and improve post-secondary education in the face of enrollment declines and fiscal pressures.

II

PROPOSED GOALS FOR MINNESOTA POST-SECONDARY EDUCATION

II. PROPOSED GOALS FOR MINNESOTA POST-SECONDARY EDUCATION

Introduction: The possible erosion of post-secondary education's fiscal base and the unknown implications of a significant enrollment decline during the next 20 years pose a distinct danger for post-secondary education. The inevitable concern about immediate problems may cause policymakers and educators to focus on short-term issues instead of the long-range impact upon the quality of programs and opportunities. One way to ensure consideration of the long-range issues is for the state to review periodically its goals for post-secondary education, to assess where it is in relation to those goals, and to reconsider where it wants to be in the future.

Background: The Coordinating Board in 1980 began a review of goals for Minnesota post-secondary education. The review is intended to make clear a set of goals which have been assumed in the past but never formally articulated. The process of reviewing goals as they relate to the missions and roles of systems and institutions will encourage a thorough reassessment of these goals and the state's commitment to meeting them.

In February 1980 the Coordinating Board adopted a proposed statement of goals and a list of related policy issues.[1] A list of the issues appears in Appendix H. The proposed goals were drawn from prior policies, current practice and assumptions, and from historical legislative and executive commitment to Minnesota post-secondary education. Also adopted was a plan for review of the goals by education and non-education groups.

A discussion of goals is intended to serve several purposes. First, the discussion will express the nature and extent of the state's commitment to providing educational services to those seeking post-high school education. Second, it will help develop criteria for evaluating existing state-level programs and policies and proposals for future action. Used as evaluation criteria, the goals will assist in determining priorities among programs. Third, a goals review will assist systems and institutions as they assess whether their missions and roles are appropriate for the 1980s. Fourth, the process of developing and reviewing goals will serve to promote a vital relationship between post-secondary education and the broader community served by the education system. Finally, a review of goals will identify important policy issues which must be addressed by the state and education systems in order to ensure the achievement of these goals.

Status: During the summer and fall, the Board asked Minnesota residents affiliated with a variety of educational and non-educational groups to review the proposed goals and policy issues suggested by the goals. A worksheet was mailed to citizens, asking them to participate in the review by rating the importance of each issue and goal and suggesting additions to the list of issues and goals. The Board will consider the opinions and comments from the worksheets and in 1981 will recommend a set of goals and state-level policy issues to be addressed.

Conclusion: Inevitably, there will be some conflict in the achievement of state goals for post-secondary education. Because there are limited resources available to support post-secondary education, choices must be made between competing or mutually exclusive goals. It may not be possible, for example, to provide additional geographic access to institutions. Similarly, there may be a limit on how much the state can expand the amount of financial aid for students with economic needs. These conflicts are the natural result of the resource allocation process. However, through a review of goals, it will be possible to better determine short and long-range priorities.

PROPOSED GOALS FOR MINNESOTA POST-SECONDARY EDUCATION

1. Access

Minnesota should strive to provide access to post-secondary education for all of its citizens.

2. Choice

Minnesota should strive to provide a variety of real choices to the residents of the state among post-secondary education institutions.

3. Diversity

Minnesota should provide a diverse educational system in which the systems and institutions possess different and educationally distinctive programs and settings.

4. Quality

Systems and institutions should seek to achieve the highest possible quality in all their programs.

[1]Minnesota Higher Education Coordinating Board, *Goals for Minnesota Post-Secondary Education: A Policy Paper* (February, 1980)

5. Efficiency

Systems and institutions should use their resources efficiently and effectively.

6. Public Understanding

Systems and institutions should ensure adequate public understanding of their missions, services and accomplishments through regular reporting of their activities.

7. Opportunities

Minnesota should provide post-secondary education opportunities to meet personal and community needs.

8. Development

Minnesota should support the development of new knowledge through public investment for research in post-secondary education.

9. Funding

Minnesota should ensure adequate funding for post-secondary education systems and programs.

III

COORDINATION ACTIVITIES

III. COORDINATION ACTIVITIES

A. INTRODUCTION

The Board coordinates the state's post-secondary education systems and institutions and tries to assure that statewide needs are being met effectively without unwarranted duplication of programs and services. By statute the Board is required to review instructional programs and to continuously monitor and study the transferability of credits between Minnesota post-secondary education systems and make recommendations to the legislature and systems. Each biennium since 1973 the legislature has funded the Board's efforts to promote regional coordination through the administration of three regional centers. This section reports on the Board's efforts through these various coordination activities.

During the biennium, the Board has expanded its attempts to encourage coordination and in this way use existing resources more effectively. These efforts are exemplified in a study of nursing education, of teacher education programs, of training for special education teachers and a project to assess the implications of AVTIs' issuing associate degrees. Another activity has been to assess education information provided to students.

The Board's role also involves promoting constructive federal-state relations in post-secondary education. This activity was significant during the biennium in light of action by Congress to reauthorize for five years programs in the Higher Education Act of 1965.

B. PROGRAM REVIEW

Introduction: The Coordinating Board has the statutory responsibility to review proposed new programs of instruction and periodically to review existing programs.[1] As competition for students increases, institutions may expand program offerings and shift program emphasis. Thus, program review is one of the Coordinating Board's major functions in coordinating post-secondary education.

Background: In recent years, fewer academic programs have been proposed at all levels of post-secondary education in Minnesota. During the past two fiscal years, the Coordinating Board received for preliminary review 110 proposals for new programs. One hundred of these 110 became formal proposals.[2] Of the 100 that reached the formal review stage, only 90 actually came to the Board for action because 10 were withheld by the post-secondary systems. The Coordinating Board acted favorably without condition on 87 of the 90 proposals, favorably with condition on two and unfavorably on one proposal (See Table 18). During this same period, the institutions formally discontinued 21 programs and shifted resources from underused programs to other areas of need.

Unfavorable action at the Coordinating Board level is the exception rather than the rule for two reasons. First, an extensive review process at the institutional and system levels prevents some program proposals from reaching the Coordinating Board. Second, review by the Coordinating Board's Curriculum Advisory Committee, as well as staff evaluations, exerts pressure on institutions to withdraw programs of questionable merit before they reach the Board for action.

The criteria for program review now being applied to new proposed programs are:

1. Is there a need for the program?
2. Is the program consistent with the mission of the institution and the mission of the state in providing post-secondary educational opportunities that meet the needs of the citizens and the state?
3. Does the program represent a duplication of effort and, if so, is this a desirable duplication?
4. What resources will be committed to this program's implementation and continued operation?

During the biennium, the Board examined the need for programs in nursing and teacher education. The results of these studies are reported in this section. Procedures for working more effectively with professional groups which represent particular program areas, such as the Council for Coordinating Education in Agriculture, continue to be developed. These groups can help staff in evaluating proposed programs. For example, during the biennium, a task force of the Minnesota Council for Coordinating Education in Agriculture, at the request of the Coordinating Board's staff, prepared a report on specialization versus generalization in agriculture programs.

Status: A 1979 status report by staff to the Board reviewed the authority, purpose, procedures and data components involved in the review of new and existing programs.[3] The status report concluded that:

1. With some refinements in administrative procedures, current procedures are adequate for review of proposed new programs;
2. systematic procedures need to be developed and implemented regarding the review of existing programs;
3. the data base required for review of programs should be continuously assessed to assure that adequate information is available while avoiding the imposition of an unnecessary burden on institutions and systems;
4. procedural changes should be implemented to simplify and clarify the review process; and
5. regular status reports will be presented to the Board.

Steps have been taken to collect data annually regarding the number of graduates from each of the several thousand major programs of study in Minnesota post-secondary institutions. This

[1] *Minn. Stat.* Section 136A.04d (1978)

[2] Program proposals are researched and evaluated by the Board staff. They also are reviewed by a curriculum advisory committee which includes representatives of the state's post-secondary systems. New program proposals go through a preliminary and formal stage. If a proposal gains formal status, the Board either grants favorable or unfavorable review or may attach conditions.

[3] Minnesota Higher Education Coordinating Board, ***Program Review Status Report*** (April 1979)

TABLE 18

SUMMARY OF ACTION ON PROPOSED NEW PROGRAMS FISCAL YEARS 1973-1979

	1973-74	1975-76	1977-78	1979-80
Preliminary Proposals	272	189	108	110
Formal Proposals	240	136	71	100
Discontinued Programs	3	35	18	21
Board Action				
Favorable Recommendation	179	103	59	87
Conditional Recommendation	34	26	11	2
Unfavorable Recommendation	6	—	1	1

information will improve program trend data and identify programs that have increasing or decreasing enrollments on an institution as well as statewide basis.

Institutional and system review of existing programs is occurring and can be expected to intensify as institutions and systems seek to shift resources from underused programs to growing or new programs. The Coordinating Board's legislative responsibilities include the review of existing instructional programs in the context of all available resources and overall state and regional needs.

C. NURSING EDUCATION STUDY

Introduction: Rapid changes in the health care system have increased the demand for nurses. Although the education sector has prepared more nurses, there exists a shortage of available nurses willing to practice in selected settings. A study of nursing education completed by the Coordinating Board in 1980 analyzes potential roles that post-secondary education could assume to help solve the problem.[4]

During the past 30 years, the availability and quality of health care services have been affected by: (1) an expanded number of health care facilities, especially hospitals; (2) an increased ability to pay for services, especially as a result of the Medicare and Medicaid programs; (3) an increased complexity of care; and (4) an increased need for home care due to shortened hospital stays. All of these changes have increased the demand for nurses.

The education sector has responded to the increased demand for nurses and nursing services by expanding the numbers of nurses prepared and by assuming a greater proportion of the educational responsibility as hospitals closed their diploma schools. These accomplishments have enabled the market to expand the number of nurses employed in response to the expanded demand for health care services. While there continues to be a shortage of nurses willing to practice, there is not a shortage of prepared nurses in the population.

However, nurses have difficulty transferring from one program level to another and receiving appropriate credit for prior education. This situation creates problems for nurses wishing to advance professionally and potentially contributes to the shortage if the nurse leaves the profession.

Due to demographic and social factors, for the next 10 to 20 years the state no longer can expand programs to prepare nurses as it has in the past. There will be a decline in the number of high school graduates, the traditional source of students. Also, changes in attitudes by prospective students toward professions like nursing will continue to affect the supply of applicants for nursing education programs. As society accepts women in roles traditionally reserved for men, professions such as nursing will need to adapt to maintain their competitive positions among those making career choices.

The solution to the shortage of practicing nurses will require changes in the use of nurses in the health care system, increases in the retention of practicing nurses by employers, improvements in the educational preparation of nurses for practice, and changes in society's view of the helping professions.

The Issue: The major concern of those employing nurses is the shortage of nurses willing to practice in selected settings which are, for the most part, the health care facilities providing around-the-clock care. Since more than 80 percent of the practicing nurses are employed in these settings, this concern is central to health care delivery, the nursing profession, and nursing education. The major questions for nursing education, in responding to the market situation for nurses and nursing services, are the sizes and types of nursing education programs needed by Minnesota for the next decade.

Status: The Coordinating Board has been analyzing the nursing education dimension of the shortage problem since 1972. Studies were completed in 1975 and 1977, and the Board adopted recommendations based on those reports.[5] The study completed during the past biennium was conducted to examine existing policies, and it included an extensive review of the status of nursing and nursing education. Data were collected, and research results were reviewed on the supply and demand conditions in the markets for nurses, faculty and nursing education.

Findings: The most significant findings for nursing education policy are as follows:

1. There are twice as many nurses in the state as there are full-time equivalents of nurses practicing.
2. If current trends continue, there will be shortages of registered nurse (RN) graduates and no shortage of licensed practical nurse (LPN) graduates during the next 10 years.
3. There is a shortage of RNs with graduate degrees.
4. Nurses who remain in Minnesota tend to live in the area where they completed their nursing education.

[4]Minnesota Higher Education Coordinating Board. ***A Report on Nursing Education in Minnesota: A Policy Paper*** (August 1980).

[5]Minnesota Higher Education Coordinating Board. ***Planning for Nursing Education in Minnesota, Planning Report 11*** (February 1975). Minnesota Higher Education Coordinating Board. ***Planning and Coordination of Nursing Education in Minnesota*** (March 1977).

5. An increasing number of LPNs and RNs are seeking additional nursing education.

6. There are expected to be fewer applicants to nursing education programs as a result of the declining number of high school graduates and the declining interest in nursing careers among high school women.

Conclusions: The major conclusions to be drawn from the study are as follows:

1. The expanded demand for nurses, a general decline in enrollments, and a shortage of faculty will result in greater shortages of RNs, all other factors remaining unchanged.

2. The future options for nursing education are more constrained by limits in human resources (students, faculty) than by financial considerations.

3. To meet the projected market demand for nurses, all parties need to work to prepare, retain and use nurses more effectively.

4. Maintaining the status quo or simply expanding capacity does not address the conditions in nursing education indicated by the study's significant findings.

5. The education sector can make an initial response by adapting the educational delivery mechanisms used in nursing programs.

6. In concept, articulated nursing education is a coordinated system of nursing education that allows a nurse to transfer appropriate credits from one program to another. This concept has been tried in Minnesota, and it appears that such a system could be developed which would meet the nurses' demand for added education and the market's need for greater retention of practicing nurses.

Recommendations: Based on the findings and conclusions, the Board recommends the following regarding nursing education in Minnesota:

1. **That the concept of articulated nursing education be endorsed as a means of meeting nurses' demands for additional education and the market's need for a greater retention of practicing nurses.**

Rationale: The concept of articulated nursing education includes the principle that a nurse returning to school receives appropriate credit for previous education. It would enable nurses to advance educationally from a licensed practical nurse (LPN) to a registered nurse (RN) and possibly obtain a baccalaureate degree without undue repetition of courses. This requires a shift in all programs; programs accepting nurses as students need to develop curricula which enable nurses to transfer previous work for credit. Also, this requires programs preparing nurses for licensure to consider the entrance requirements of other programs in designing curricula and in advising students. In the end, this concept will enable nurses to enter the

profession at any level and to advance as far as their interests and abilities allow.

2. **That the four public post-secondary systems along with interested private institutions develop a system of articulated nursing education which would serve nurses and potential nurses in all regions of the state and a plan be completed by April 1, 1981.**

Rationale: To implement this concept, each party must review its current program and be prepared to make the adaptations necessary to develop a system which meets the needs of the state and its nurses and potential nurses. While the four public post-secondary systems all have had experience with the concept as a result of the two large demonstration projects conducted in the state, it is expected that they will need to review and refine the models tested. Many of these decisions affect matters internal to the institutions and post-secondary systems. Therefore, the systems and institutions should be given the responsibility for developing and implementing a system of articulated nursing education. At this point, the systems are being asked to develop a joint strategy so each institution and system will be part of an overall state strategy.

3. **That additional funding for nursing education programs should be contingent on an April 1, 1981 submission of a plan developed cooperatively by the four public systems and participating private institutions to be reviewed by each governing board, the Higher Education Coordinating Board, and the Board of Nursing.**

Rationale: The development of a plan is necessary to insure that all institutions and systems working on implementation of articulated nursing education programs either as new programs or as adaptations of existing programs will be contributing to the general state needs. By providing a financial restriction on the implementation of new programs or expansion of existing programs, an incentive is provided. It is expected that the four systems can meet this deadline without jeopardizing existing programs or disrupting other innovations being developed.

4. **That the Board of Nursing's statutory authority to approve nursing education programs be retained and revised to require the Board of Nursing to develop the means for reviewing and approving articulated nursing education programs.**

Rationale: The Minnesota Board of Nursing has the authority to approve programs preparing students for RN and LPN licensure. Although the Board of Nursing has the authority to review the curricula, the implementation of a system of articulated nursing education will require a revision in its statutory authority.

5. **That the number of graduates prepared for licensure as RNs (i.e., new RNs) should be increased by about 10 percent and that this increase should be coordinated with the planning and development of a system of articulated nursing education.**

Rationale: While this is near the lower bound of four projections made of the number of graduates needed, it is recommended because (1) it allows for an orderly growth at a time when students and faculty are projected to be in short supply, and (2) it encourages employers to seek additional ways of using existing nurses more effectively. Based on current costs in the public systems, this could be accomplished at an additional cost of $200,000 to $450,000 depending upon which systems were to implement the increases. The estimate assumes that increases in nursing program enrollments would be met by corresponding decreases in other enrollments. Further, this will require a monitoring of the market for nurses and nursing services to determine if this increase can be achieved, and if achieved, whether it is adequate for the ever-changing health care system.

6. **That the governor and the legislature instruct the University of Minnesota and the State University System to develop a plan, in consultation with other graduate programs in the Midwest, which would double the number of nurses with master's degrees who would be available for employment in the state. This plan, intended to ensure an adequate supply of faculty, should be coordinated with the plan for a system of articulated nursing education.**

Rationale: This increase is needed to maintain existing faculties. By cooperating with graduate programs in the Midwest, if excess capacity were to develop in another state, Minnesota would not need to provide all the additional resources this recommendation would require. Based on the average costs of instruction attributed to a student in the graduate program at the University of Minnesota-Twin Cities, this would cost about $600,000 to $1.2 million. Since the geographic distribution of faculty is also an issue, the State University System's regional orientation makes it an appropriate partner in finding, and probably implementing, a strategy to fulfill this recommendation. Further, if the University of Minnesota were to shift some of its resources so fewer undergraduate students would be admitted, the State University System would be expected to expand to maintain the overall capacity at the baccalaureate level.

7. **That the governor appoint a statewide task force representing nursing and other health care providers to review means of improving the use of current nursing resources, the retention of practicing nurses and the attractiveness of nursing as a career and submit a report for review by the governor, legislature and Higher Education Coordinating Board by January 1, 1982.**

Rationale: To solve the problems identified in this study, there will need to be changes in the use of nurses, retention of practicing nurses and society's perception of nursing as a career choice. These are issues which educators can, at best, affect only indirectly. Thus, to take steps toward meeting the underlying causes of the shortage of nurses willing to practice, the employers of nurses along with the nursing profession must identify practical solutions. Nursing educators will need to be prepared to respond to the changes in the employment settings by changing the content and format of nursing education programs.

D. TEACHER EDUCATION PROGRAMS

Introduction: The largest instructional program area in Minnesota is education. Teacher education programs, both majors and minors, constitute 27.5 percent of all the programs in Minnesota colleges and universities. Three University of Minnesota campuses, six state universities and 17 private colleges and universities provide 22 programs to prepare elementary school teachers and 452 majors preparing secondary school teachers. Minors leading to licensure are also available at many of these institutions.

In 1980, the Coordinating Board staff completed a study evaluating schools preparing teachers.[6] The study was a followup to a 1977 staff study of the supply and demand for new baccalaureate education graduates in the state,[7] an update of the study in 1978,[8] and a series of Board recommendations made in 1978. The earlier studies concluded that at current enrollment levels and student faculty staffing ratios, a large percentage of teacher education graduates would not gain employment as teachers and Minnesota would not need as many teachers as it can produce.

In response to the findings of the 1977 staff reports, the Coordinating Board recommended the implementation of policies and procedures which put into closer balance the supply and demand for new baccalaureate teachers. The Board recommended that it review, with the governing boards and other appropriate reviewing authorities, the number, size, type and statewide need for teacher education programs to determine if excess capacity exists.

The 1980 study reviewed the cost, duplication, resources and capacity of teacher education programs and their success in placing new graduates in teaching positions.

Twenty-three of the 25 institutions which were graduating teachers in 1978 participated in this study of teacher education programs; together they graduated 98.8 percent of the new teachers that year. The 23 institutions provided data on enrollments, faculty and expenditures for teacher education courses for the 1972-73 and 1977-78 academic years. Data on graduates, programs and placement also were reviewed.

The Issue: The primary question of the study was, "What is the capacity of Minnesota to prepare teachers?" A secondary question was, "How well did Minnesota teacher preparation institutions respond to declining enrollments in teacher education programs?" In answering these questions, the study also was concerned with the number, type, location, and graduates of teacher education programs and with the recent placement of new teachers.

Summary of Findings: The findings of the 1980 teacher education study are summarized below:

1. Teacher education programs are dispersed widely throughout Minnesota.

2. Between 1972 and 1978, the teacher preparation programs experienced a 53.3 percent decline in teacher education graduates (from 7,809 in 1972 to 3,647 in 1978).

3. Between 1973 and 1978, there was a 17.3 percent reduction in the number of full-time equivalent faculty teaching teacher preparation courses (from 376.2 FTE faculty in 1972-73 to 311.2 FTE faculty in 1977-78).

4. Between 1972-73 and 1977-78, the average student.faculty ratio for Minnesota teacher preparation institutions declined from 18.0:1 to 15.3:1. If the institutions operating with fewer than 18.0 students per faculty in 1977-78 had increased their enrollments to achieve that ratio, over 15 percent more students would have been enrolled without an increase in faculty.

5. Between 1972-73 and 1977-78, six institutions (Moorhead State University, Bethel College, Gustavus Adolphus College, College of St. Benedict/St. John's University, and the College of St. Scholastica) increased their faculty use by increasing the number of students per faculty in teacher education programs. Of these institutions, Moorhead State University and the College of St. Scholastica experienced enrollment declines while achieving increased faculty use.

6. Teacher education programs preparing students in art, health, social studies, Spanish and speech and theatre were the least likely to place their 1977-78 graduates in full-time teaching positions.

[6]Minnesota Higher Education Coordinating Board. ***A Review of Teacher Education Programs: Their Capacity and Response to Declining Enrollments*** (July 1980)

[7]Staff of the Higher Education Coordinating Board. ***A Study of the Labor Market for Elementary and Secondary School Teachers in Minnesota*** (June 1977)

[8]Minnesota Higher Education Coordinating Board. ***Updated Teacher Education Study*** (August 1978)

Status: On July 31, 1980, the Board adopted four recommendations to address excess capacity while maintaining a variety of options for Minnesota residents in a cost effective manner.

Recommendations: Following are the recommendations and their rationales:

1. **The State University Board and the University of Minnesota Board of Regents should review their teacher education programs and set guidelines for the appropriate use of faculty resources in these programs in order to most effectively allocate faculty among all their programs and to maintain a reasonable balance in the supply and demand for new teachers.**

Rationale: The data indicated that with the 1977-78 faculty, Minnesota institutions could prepare more students than were enrolled. The average student:faculty ratio in state-supported institutions dropped from 20.2:1 in 1972-73 to 17.0:1 in 1977-78. The University would be required to reduce its faculty commitment by 22.3 FTE in order to achieve the 1972-73 state average student: faculty ratio (18.0:1); the State University System would need to reduce its faculty commitment at Southwest State University by 3.4 FTE to reach the 1972-73 average.

2. **No institution should increase its overall faculty commitment to teacher preparation until the statewide demand for teachers exceeds the current statewide capacity to produce graduates.**

Rationale: At current levels of faculty use, the Minnesota institutions have excess capacity in their teacher education programs; they can enroll more students without needing more faculty. 15.9 percent more students, 818 FTE, could have been enrolled in 1977-78 before institutions operating below the 1972-73 statewide average student:faculty ratio (18.0:1) would have reached that level of faculty use. This recommendation, in combination with recommendation 1, should limit increasing teacher education program capacity while allowing institutions some flexibility in responding to shifts in students' interests and societal needs.

3. **The Board should not favorably review requests for new teacher education programs until the statewide demand for teachers in the type of teacher education program under review exceeds the current statewide capacity to produce graduates.**

Rationale: Through the program review process, the Board has the responsibility to consider new programs in terms of their need, cost effectiveness, and unnecessary duplication. Because teacher education programs are meeting the needs of society and are operating with excess capacity, such new programs are unjustified by the standards of program review. This recommendation would not limit the development of new programs when the need for their graduates exceeds the current program capacity. However, there are types of programs with excess capacity for which there is a high demand for graduates. For example, the 19 physical science teacher education programs graduated only 3 new teachers in 1978 and placed all 3 of them as full-time teachers. The problem is not one of too little program capacity, but of limited student interest.

4. **Teacher education institutions in the same community or region should evaluate their common teacher preparation programs and develop cooperative programs.**

Rationale: A goal for all post-secondary education institutions should be to achieve a more effective use of resources for the delivery of quality services; cooperative programs are one strategy for achieving this goal. More than one teacher preparation institution is located in several Minnesota communities including Duluth, Moorhead, Northfield, St. Cloud, Twin Cities and Winona. Similarly, a number of institutions serve the same region of the state. In these cases, institutions should minimize duplication of low demand or high cost programs. Programs preparing teachers in art, physical education, or social studies should be considered likely candidates for cooperation since they have produced a considerable number of graduates, many of whom do not easily find full-time employment.

E. SPECIAL EDUCATION TEACHERS

Introduction: Special education teachers have become increasingly important as society attempts to provide each individual with the opportunities needed to realize his or her potential. In order to provide these teachers, special post-secondary educational programs are needed. The 1979 Legislature recognized this need and instructed the Coordinating Board to conduct a study of the need for graduates to teach children with hearing, vision and deaf-blind impairments. The Board was directed to assess the need for additional training programs and to identify feasible delivery options, including contracting with institutions in other states.[9]

A study was conducted to determine the need for such teacher training programs.[10] An assessment was made of how many children will need these special education services, how many teachers with these special education skills are now practicing and a range of how many teachers will be needed until 1990 to serve these special education needs.

The study resulted in a recommendation to develop a cooperative arrangement between the University of Minnesota and the State University System in order to make the best use of existing programs. The University of Minnesota, in consultation with other programs in the state and representatives of primary and secondary teachers, developed a model to implement the concept of cooperative programming.

The Issues: A shortage of teachers prepared to work with hearing impaired, visually handicapped and deaf-blind children exists. This shortage is, in part, a result of an expansion in special education services being provided in the schools and the relatively low incidence of these handicaps.

Summary of Findings and Conclusions: Low incidence rates mean that even though the shortage is large in terms of the percentage of unfilled positions, it is small in actual numbers. It was concluded that during the period, 1981 to 1990, the state would need to add 24 to 73 new teachers of the hearing impaired and eight new teachers of the visually handicapped per year. While it was not possible to make a specific calculation for teachers of deaf-blind children, the rate is less than 8 per year. The projection of the number of full-time equivalent teachers needed by school districts was based on the number of students projected to need services and the prevailing full-time equivalent teacher-student ratios of 8.39 for children with hearing impairments and 9.99 for children with visual handicaps.

Since the needs are statewide, no one post-secondary institution has been able to maintain a program to provide a continual flow of teachers.

The University of Minnesota-Twin Cities has approved programs for preparing teachers in these areas. It only recently has reactivated its program for preparing teachers of the hearing impaired while its program for teachers of the visually handicapped is not being operated because of the lack of appropriate faculty. St. Cloud State University has an approved program for teachers of the hearing impaired which is inactive, and the University of Minnesota-Duluth has begun developing a program to prepare teachers of the hearing impaired.

The Coordinating Board and post-secondary institutions with special education programs believe it is most efficient for the state to support one program with the appropriate faculty to provide the advanced courses and other work needed in preparing these teachers. This program can be coordinated with the special education programs at other post-secondary institutions in the state as a means of providing access to teachers and potential teachers in all areas as well as preparing graduates likely to serve children in the less densely populated areas.

Recommendations: In January 1980, the Coordinating Board made the following recommendations:

1. **Hearing Impaired**

   A. The University of Minnesota-Twin Cities should be assigned the responsibility for serving the needs of teachers of children with hearing impairments. Among the responsibilities would be the following:

      i. Training specialists for the state
      ii. Developing programs for local school districts and for regional cooperatives

   B. The University of Minnesota should develop a state cooperative agreement in consultation with the State University System, the Department of Education and representatives of the teaching profession to insure that adequate numbers of opportunities are available on

[9] *Minn. Laws 1979*, Chapter 335, Section 3, Subd. 17

[10] Minnesota Higher Education Coordinating Board, *The Need for Special Education Teachers for Hearing Impaired, Visually Handicapped and Deaf-Blind Children* (January 31, 1980)

a regional basis to teachers who wish to add the credentials needed to obtain a special education license to teach children with hearing impairments and address the needs of teachers currently practicing in the field.

Among the issues that the plan will address are the following:

i. Regional needs for a program

ii. Funding of the program(s)

iii. Costs of the program(s)

iv. Coordination with existing graduate programs

v. Responsibility of each institution and agency in providing staff, space, materials and equipment

vi. Awarding and transferring credits among the institutions in the cooperative arrangement

vii. Coordination of the Minnesota plan with the needs and resources of neighboring states.

C. The existing undergraduate programs should not expand beyond current levels until the plan for a cooperative agreement is developed and evaluated.

D. This agreement should be completed and forwarded to the Higher Education Coordinating Board by June 30, 1980.

2. Visually Handicapped and Deaf-Blind

A. The University of Minnesota-Twin Cities should be assigned the responsibility for serving the needs of and/or establishing a clearinghouse for teachers of children who are visually handicapped or are deaf-blind.

B. The University of Minnesota-Twin Cities should take the lead in developing a state cooperative agreement in consultation with the State University System, Department of Education and the teaching profession. Out-of-state resources should be used, as necessary, to complement those that exist in Minnesota. Again, the agreement should address the following issues:

i. Regional needs for a program

ii. Funding of the program(s)

iii. Costs of the program(s)

iv. Coordination with existing graduate programs

v. Responsibility of each institution and agency in providing staff, space, materials and equipment

vi. Awarding and transferring credits among the institutions in the cooperative arrangement

vii. Coordination of the Minnesota plan with the needs and resources of neighboring states

C. This agreement should be completed and forwarded to the Higher Education Coordinating Board by June 30, 1980.

3. General Recommendations

A. The affected state and local parties should review the capabilities of local school districts to create and fund positions for teachers of hearing impaired, visually handicapped and deaf-blind children.

B. The affected state and local parties should review the interest in enrolling in programs to train teachers for hearing impaired, visually handicapped and deaf-blind children, and if necessary, propose the incentives to insure an adequate supply of teachers.

Following the January meeting, a committee was convened by University of Minnesota personnel to gather information regarding the issues listed in the January Coordinating Board action and to discuss implementation of the cooperative agreements. The committee included representatives of the University of Minnesota, three state universities, teacher organizations and the Minnesota Department of Education. The Coordinating Board in July 1980 received the report of the statewide planning committee and adopted the following recommendations:

1. That the Minnesota Higher Education Coordinating Board accept the report of the Statewide Planning Committee, *The Need for Special Education Teachers for Hearing Impaired, Visually Handicapped and Deaf-Blind Children and Youth: Recommendations for a Statewide Cooperative Training Program,* and that the report be forwarded to the University of Minnesota, State University System, and the Minnesota Department of Education with the recommendation that it be implemented.

Rationale: The cooperative agreement described in the report is unique to Minnesota post-secondary education and should be supported in concept as well as practice in order to assure more effective use of state resources.

2. That the Coordinating Board recommend that the governor request and that the

legislature appropriate 50 percent of the cost needed to implement the cooperative agreement, and that the needed remaining funds be allocated by the University of Minnesota (35 percent) and the State University System (15 percent).

Rationale: The proposed program will require approximately $125,000 annually. For Fiscal Year 1981, the University of Minnesota has already allocated approximately $82,300 for hearing impaired programs, while the state universities have allocated approximately $42,600. For Fiscal Year 1982 and Fiscal Year 1983 the institutions should examine the possibility of reallocating resources now used for other programs (for example, their excess capacity in teacher education) as well as sources that could provide new, additional funds.

3. **That a biennial report regarding the cooperative program be prepared by the University of Minnesota for review by the Higher Education Advisory Council and be submitted to the Higher Education Coordinating Board by July 1 of each even numbered year.**

Rationale: The University of Minnesota should continue to be the primary delivery mechanism for special education in Minnesota. A biennial report will inform the Board and other systems as to progress in this area of critical need.

F. TRANSFER OF CREDITS

Introduction: Transferring academic credits from one institution to another affects many of Minnesota's post-secondary students, institutions and their faculty, and governmental agencies. For several years both the Coordinating Board and legislature have expressed concern about the need to identify possible transfer problems and to clarify policies and procedures.[11]

In order to improve coordination of transfer activity, the 1977 Legislature directed the Coordinating Board to study and monitor credit transfer. The Board's mandate is to recommend measures for increasing credit transferability, improving student awareness of transfer policies, and causing transcripts to reflect transfer credits.[12] The legislative action reflected a concern for students who seek to transfer previous credit to another institution and the desire to improve communication among faculty, staff and students.

Background: Following the legislative request, the Board staff began to examine credit transfer. In fall 1977, the executive director convened a special advisory committee of students, faculty and academic officers of Minnesota's private and public institutions. This group discussed the issue and agreed that better data were needed; the committee decided to survey students.

The survey indicated that thousands of students transfer credits into Minnesota institutions each year. Survey responses indicated that although some students experience some problems with the transfer process, most students are able to complete the necessary procedures and progress toward their objectives. Students suggested that they would appreciate additional information regarding the transfer process and its potential effect on their educational progress. Survey results showed that major changes in the transfer process are neither needed nor desirable. Institutions and faculty appear to be maintaining quality control over their programs.[13]

Recommendation: Based on the survey, the Coordinating Board in April 1979 adopted the following recommendation:

That the Board, in consultation with the appropriate systems, develop a document that would provide information regarding the general aspects of the transfer processes and appeal procedures as well as to identify institutional, system and Coordinating Board contacts that could provide more detailed information.

Status: In fall 1979 Coordinating Board staff, in consultation with the public systems, developed and printed "Will You Transfer," a brochure that provides information regarding the general aspects of transfer processes and appeal procedures. The brochure also identifies institutional and system contacts who can provide more detailed information. By the fall of 1980, more than 30,000 copies of the brochure had been distributed to public and private post-secondary institutions as well as to legislators and other interested parties.

Transfer continues to occur frequently in Minnesota post-secondary education (See I.C. 7). The Coordinating Board's 1979 transfer survey found that more than 20,000 students transferred into Minnesota post-secondary institutions during the 1978-79 school year.[14] In accordance with its legislative mandate, the Board continues to monitor this activity.

[11] Besides its annual survey of transfer activity, the Coordinating Board had been involved in two major transfer studies prior to 1979. Recommendations from these studies are reported in the following reports:
Minnesota Higher Education Coordinating Commission, ***Planning Report 8: Statewide Curriculum Study of Minnesota Higher Education*** (1970)
Minnesota Higher Education Coordinating Commission, ***Making the Transition, Report to the 1975 Legislature*** (1975).

[12] ***Minn. Stat.***, Sections 136A.041 and 136A.042 (1978).

[13] Minnesota Higher Education Coordinating Board, ***Credit Transfer in Minnesota, Staff Technical Paper*** (April 1979).

[14] Minnesota Higher Education Coordinating Board, ***Basic Data Series Report Number 8, Fall 1979 Post-Secondary Education Enrollment Survey*** (April 1980).

G. ASSOCIATE DEGREES IN MINNESOTA POST-SECONDARY EDUCATION INSTITUTIONS

Introduction: The awarding of associate degrees by two and four-year colleges is a commonly accepted practice to designate the completion of two years of post-secondary education. The Coordinating Board staff reviewed the status of associate degrees in Minnesota and adopted guidelines to assure minimal standards for offering associate degrees. The issue was raised by the interest of some AVTIs in offering the degree.

The issuance of associate degrees by the AVTIs would be a major change from current practice, a change that cannot be isolated from the larger post-secondary education system because of the potential impact on other institutions, students, employers and parents. Post-secondary education and its clients could be affected by this change in the areas of operational cost, student enrollment and credit transfer considerations. The change also could alter the expectations of the public about the nature of the programs as well as employment and transfer expectations of program completors.

Background: Because of the significant state-level implications of such a change in awarding associate degrees, the Board examined the issue. During its March 1980 meeting, the Board recommended that a committee review this issue. The committee met three times.[15] During these discussions, staff developed a paper that addressed the issue of associate degrees in Minnesota.[16] Staff concluded that what constitutes an associate degree transcends all systems of Minnesota post-secondary education, and that guidelines need to be adopted to assure reasonable comparability between Minnesota post-secondary institutions, and thereby to assist student transfer. Specific guidelines would have an immediate impact on the state's community colleges. Six major findings of the staff were:

1. Associate degrees are being awarded by at least one institution within every system;
2. The largest array of degree designations is found in the Community College System;
3. Four-year public universities in Minnesota offer a limited variety of associate degree designations;
4. Only one AVTI in Minnesota has achieved accreditation at the associate degree level from a regional accrediting association;
5. General education is a component of every associate degree awarded by Minnesota colleges and universities; and
6. None of the AVTI programs that have been reviewed by the Coordinating Board are required by accrediting or credentialing agencies to award associate degrees in order to qualify for an examination.

Status: At its July meeting, the Coordinating Board received the staff paper and a series of staff recommendations. The Board agreed to delay action on the proposed recommendations until its October 1980 meeting in order for the State Board for Vocational Education to study the issue.

On October 14 the State Board of Education approved in concept proposed criteria for awarding of degrees and directed the Division of Vocational-Technical Education to promulgate rules.[17] Criteria have been proposed for the following degrees: Associate in Science (A.S.), Associate in Applied Science (A.A.S.), and Associate in the Vocational Program (A. in _____). Following action by the State Board for Vocational Education, the Coordinating Board adopted the recommendations that had been proposed in July.

There are two critical differences in the two sets of recommendations. First, the HECB staff position is that every undergraduate degree implies more than completion of a technical program and embodies some liberal education in the arts, sciences and humanities at the college level. The position of the State Board is that a degree can be earned without this liberal education component. Second, implementation of the State Board of Education guidelines would result in a significant alteration of the traditional role of the AVTIs, i.e., preparation for entry level employment through acquisition of technical skills.

Recommendations: The Coordinating Board recommends the following:

A. That the guidelines for awarding the associate degree in Minnesota be:

1. The length of programs should be the equivalent of at least six full-time

[15]The committee consisted of members of Minnesota's public and private post-secondary education systems.

[16]Minnesota Higher Education Coordinating Board, ***Associate Degrees in Minnesota Post-Secondary Institutions***, (July 11, 1980).

[17]State Board for Vocational Education, "Associate Level Degrees for Two-Year AVTI Programs, Definitions, and Criteria" (October 14, 1980).

quarters (four semesters, 72 weeks).

Rationale: Programs of less than two academic years of full-time post-secondary study are appropriately recognized in other ways, whereas the associate degree designation historically has signaled completion of two or more years of full-time effort.

2. **The liberal arts component for associate degree designations should be as follows:**

   a. **Programs designated as Associate in Arts (A.A.) be composed of at least two-thirds liberal arts and science coursework.**

Rationale: Associate in Arts programs are intended to meet the lower division requirements of four-year colleges and universities. This proportion of liberal arts and sciences would meet those requirements.

   b. **Programs designated as Associate in Science (A.S.) be composed of at least one-half liberal arts and science/general education coursework.**

Rationale: Associate in Science degree programs can be more specific in composition, but are generally considered as transferable toward a baccalaureate degree. Holders of an A.S. degree could not expect universal acceptance of their credits toward the baccalaureate degree, although a high percentage of their coursework would probably be acceptable.

   c. **Programs designated as Associate in Applied Science (A.A.S.) be composed of at least one-third liberal arts and science/general education coursework.**

Rationale: These programs are designed for students who plan to enter employment upon completion of their degree. It is not intended as a transfer degree. Many students, however, may choose to pursue a baccalaureate degree and may elect specific programs where the A.A.S. coursework would be at least partially applicable toward their chosen major.

3. **Programs that do not contain a liberal arts and science/general education component should be labeled certificate, diploma or some other designation that contains neither the term "associate" nor "degree."**

Rationale: In order to maintain the societal usefulness of the associate degree, there should be a clear distinction between degree programs and those that do not contain a general education/liberal studies component.

B. **That the state's governing boards apply these guidelines to the associate degrees that are awarded by institutions under their jurisdiction.**

Rationale: Minnesota's post-secondary consumers, present and future, will benefit from the application of minimal standards and comparable degrees. The proposed guidelines will have the greatest immediate impact on the Community College System. Eventually, they could have significant impact on the AVTIs.

C. **That Minnesota's area vocational-technical institutes not expand their mission in the state by expanding their general education/liberal education courses in order to offer associate degrees. The AVTIs should offer degrees only through cooperative efforts with collegiate institutions that offer the general education component as provided in A2c (A.A.S.) above.**

Rationale: Minnesota's AVTIs have fulfilled a necessary major role in post-secondary education for the past 35 years. This role should continue, but should not expand at a time of limited human and fiscal resources, especially given Minnesota's abundance of degree granting institutions.

D. **That exceptions to C (above), i.e., where cooperative arrangements with collegiate institutions are not possible, should be justified through the Board's normal program review process.**

Rationale: The program review process allows a systematic and careful review of individual programs proposed for implementation. This process will serve well as the avenue for review of programs that could affect the mission, duplication and cost of programs in other institutions and systems.

E. **That in instances where the standards of national accrediting groups conflict with institution, system or state policy, such conflict should be brought to the attention of the Higher Education Advisory Council for review and recommendation to the governing boards and the Higher Education Coordinating Board.**

Rationale: Accrediting agencies may propose degree standards or other requirements that would conflict with state policy and the mission of an institution or system. These conflicts should be considered in the context of state policy.

Conclusion: Whether AVTIs offer associate degrees will have short range and long range policy implications for post-secondary education in Minnesota. The four most significant implications are -

(1) Expansion and Dilution of the AVTI Mission

A decision of the Board of Education to authorize the unilateral awarding of degrees at either the Associate in Science level under its proposed guidelines or at the Associate in Applied Science level under the HECB proposed guidelines would lead to both an expansion of and — eventually — a dilution of the traditional mission of the AVTIs. This would occur because resources would be redirected in order to hire qualified personnel needed to teach the general education components of a degree program. In the 1980s, this expansion of mission would lead to an inefficient use of scarce resources and, in the long run, likely result in an erosion of the highly successful provision of vocational-technical education in Minnesota.

(2) Duplication of Effort

In order to satisfy the need for a liberal arts component of degrees as specified by either the proposed State Board of Education criteria at the A.S. level or by the HECB guidelines at the A.A.S. level, the AVTIs would have to expand faculty resources. This would represent an unnecessary duplication of effort between the AVTIs and collegiate institutions during a decade in which enrollment is projected to decline in both systems. Adequate and qualified persons prepared in liberal/general education already exist in Minnesota's colleges and universities. This duplication would occur when the state and post-secondary education can least afford anything less than the most efficient utilization of resources. The extreme result of this duplication could result in 51 comprehensive two-year institutions.

(3) Minimal Guidelines for Degrees

A decision to authorize the awarding of "degrees" with no liberal education component is a serious move toward the dilution of standards for college level work. The purpose of the HECB proposed guidelines is to urge governing boards to adopt and adhere to some minimal and commonly accepted guidelines for degrees offered by Minnesota institutions. The intent of this action is to prevent further blurring of the distinction between remedial education, related instruction, and general or liberal education in the arts, sciences and humanities. The AVTIs appropriately offer remedial and related instruction. Liberal education in the arts, sciences and humanities, however, is work at the collegiate level which is transferable toward a college degree. These distinctions between various types of education need to be clearly understood if the meaning and value of a degree is to be retained.

(4) Potential Misrepresentation and Difficulty in Credit Transfer

Lack of common understanding of minimal criteria for degrees would increase the level of confusion that already exists regarding associate degrees. This confusion could lead to misrepresentation to students who will naturally assume that their degree from an AVTI entitles them to credit equal to that given for degrees earned at collegiate institutions. Without standard guidelines, it will be difficult to assess the meaning of the degree granted by a given institution.

H. REGIONAL COORDINATION

Introduction: Planning and coordination among institutions in three regions of the state are provided by the operation of post-secondary education centers in Rochester, Wadena and the Iron Range. As enrollment patterns change, tax dollars become more limited and pressure to meet the needs of new post-secondary populations gains, regional planning is becoming increasingly important.

The regional approach, authorized by the 1973 Legislature, relies on cooperation among institutions and more effective use of their existing resources. It has proven an economical way for the state to assist residents in obtaining post-secondary education services.

Background: The three centers, which the Board administers, have established successful records in fulfilling their five original objectives:

1. Improve accessibility of all levels of post-secondary education to residents of regions;
2. Eliminate unwarranted duplication in regions;
3. Facilitate effective use of post-secondary education facilities and services for meeting regional needs;
4. Provide for more effective liaison between regional planning and coordination of post-secondary education with regional planning and coordination of other public services; and
5. Test means for accomplishing greater inter-institutional cooperative efforts for meeting local and regional needs of Minnesota residents.

As they have developed, the centers have emerged as brokers between individual citizens and groups of interested residents and institutions of post-secondary education. The centers are not designed to be institutions or to grant degrees but rather to rely on the resources of existing institutions to offer instructional services, evaluate and transfer credits, and to grant degrees and certificates.

The instruct onal services coordinated by the centers provide studies leading to the bachelor's and master's degrees. But they do much more. From an early emphasis on education programs for teachers, the centers now coordinate a wide variety of programs ranging from upper division degrees in several fields to one or two-day workshops for residents interested in a special subject. A major purpose of the centers is to identify needs not being met by existing institutions and stimulate efforts to meet them.

Students of all ages and backgrounds are being served. Generally, the students are adults for whom access to four-year institutions is difficult because of job and family responsibilities. These people are unable to commute long distances and can pursue their education only if it is made available locally. They enroll for many reasons — to complete degrees started but left unfinished years ago, to start college careers, to earn advanced degrees, to complete certification requirements or to enrich their lives.

The centers do not offer degrees; but through the use of joint schedules, joint advising services and other means, students may select courses and earn degrees from institutions that bring their resources (faculty, courses, etc.) to the project areas. More than 30 public and private institutions in the state participate. An important factor in the success of the centers has been the assistance provided by the leaders of the local communities.

Status: During the past two years, the management and coordinating activities of the three regional centers have continued to expand; this has resulted in increased interinstitutional cooperation and joint program planning. Also, increased emphasis has been placed on providing assistance and counseling to students.

In Fiscal Year 1980, 11,000 credit enrollments were generated by participating institutions in the three regions. This total is projected to increase to 14,000 by 1983.

Exemplary special projects of the centers include a mobile career van initiated at the Wadena center which has provided local access to education and career information in communities throughout the rural Wadena area. Between January 1979 and May 1980 the van services were used by 644 prospective students. Also, each center sponsored workshops on how to improve information for prospective students. Students, community service and education personnel discussed the quality of post-secondary information and its delivery.

Additional details on the regional centers are contained in a status report presented to the Board during the biennium.[18] In reviewing center activities

[18]Minnesota Higher Education Coordinating Board, *The Regional Centers, A Status Report* (November 1979).

over the past two years and anticipating their future role, staff reached the following conclusions:

— the centers act as catalysts, and consequently many center efforts are hard to measure because the centers stimulate institutional activity when a consumer need is identified;

— the centers serve as a neutral base from which regional needs can be identified and to which consumers can go for unbiased education information;

— the centers bring to the Coordinating Board staff a regional perspective that would be unobtainable if the centers did not exist; and

— the future of the centers is related to the overall picture of adult education. Thus, future policies regarding non-traditional students and services will affect center activities and operation.

Recommendations: In order to continue the effective operation of the regional centers and to enhance their ability to provide accessible educational opportunities to residents regionwide, the Coordinating Board recommends:

1. **That the 1981 Legislature appropriate $275,100 for Fiscal Year 1982 and $285,700 for Fiscal Year 1983 to sustain planning and coordination in these regions, and**

2. **That public and private institutions be encouraged to continue their cooperative planning and programming with the regional centers in pursuit of access to education for all state residents.**

Rationale: The budget request represents no change in the nature or scope of the centers' operations. The budget request includes an additional $2,500 for Fiscal Year 1982 and $5,000 for Fiscal Year 1983 in program subsidies for each regional center to support off-campus educational opportunities. The centers serve rural Minnesota areas that by themselves cannot provide the population base to sustain some classes. This money subsidizes the low enrollment classes that would not be possible without this revenue.

The career van was funded through the federal Higher Education Act Title I Program in Fiscal Year 1979. The van was used by the Wadena center to reach clients within a 60 mile radius of the center. The Board plans to expand use of the van to all three centers in order to provide a mechanism for delivering comprehensive education and career information to rural Minnesotans. The full cost of the van is $5,000 per year. The Board's budget request is for $2,500 per year, and local communities will be expected to provide a matching $2,500.

I. BETTER INFORMATION FOR STUDENTS — ASSURING CONSUMER PROTECTION

Introduction: The Higher Education Coordinating Board and the Higher Education Advisory Council in 1974 studied the issue of acceptable recruiting standards at Minnesota institutions. In response to their findings, the Coordinating Board recommended recruitment guidelines for post-secondary institutions and endorsed the Statement of Principles of Good Practice for the National Association of College Admissions Counselors.[19] These standards again have become important as a focus of the Board's Education and Career Information activities (see Appendix G), and as a result of concerns nationally with the recruitment information and techniques of post-secondary institutions. To address these concerns, the Board has designed a project to assess the status of recruitment, admissions and information activities in Minnesota.

During January and February 1980, the Coordinating Board sponsored five regional meetings at which recruitment techniques and literature were discussed. The more than 200 participants included members of the public as well as representatives from post-secondary and secondary education, community service agencies, other state level information programs and libraries. During the workshops, discussions were held on the need for information standards and how that need has or has not been met in Minnesota. In addition, the workshop participants, directors of admissions for all post-secondary institutions and presidents of six Minnesota-based professional associations for admissions, counseling and financial aid personnel were asked to respond to a questionnaire regarding the 1974 Coordinating Board position on recruitment.

The Issues: As the Coordinating Board staff reviews the status of recruitment, admissions and post-secondary information standards in Minnesota, it will assess whether there is need for better consumer education and protection in education recruitment and, if so, how institutions and the state can respond to this need.

Summary of Findings and Conclusions: These will be presented to the Board in February 1981.

Status: A report on this project and proposed recommendations are scheduled for presentation to the Coordinating Board in February 1981.

[19]Minnesota Higher Education Coordinating Board, ***Making the Transition. Report to the 1975 Minnesota Legislature*** (January 1975).

J. FEDERAL-STATE RELATIONS

Introduction: Minnesota's post-secondary education community is directly affected by federal policies and appropriations. Federal actions by executive, legislative and judicial branches regularly affect students, faculty members, and institutions as well as state policies and practices.

The most noticeable federal influence is that portion of federal expenditures that directly or indirectly supports students, faculty, equipment, facilities, research staff and patient care.

The federal budget for Fiscal Year 1980 for post-secondary education in the Department of Education was approximately $5.4 billion, of which $5 billion was represented in student assistance programs; but these figures do not include the significant expenditures of several other federal offices (e.g., Department of Health and Human Services, Department of Labor, Department of Agriculture, Veterans Administration) which are directly supporting post-secondary activities.

Federal policies often have an indirect influence on post-secondary education, and one of the frequent effects is the requirement of additional expenditures or financial commitments. Examples of this influence are minimum wage laws, minimum requirements for retirement programs, increases in postage rates and standards for safety and access for employees.

Background: Federal involvement in post-secondary education has been varied, somewhat cyclical and often associated with some controversy. The most significant federal investments in post-secondary education generally are traced to land grant commitments to institutions in the 1860s and the G.I. entitlements following World War II. The effects of federal financial involvement have varied by state as well as institution and have become more widespread with the post-Sputnik development of targeted federal programs during the 1960s.

Since 1972 the most significant federal initiatives and funding for post-secondary education have occurred in the area of student financial aid with the emergence of the Basic Educational Opportunity Grant Program (BEOG) and the maturation of the Guaranteed Student Loan Program. These programs are designed to serve as the foundation of student assistance to be complemented by state and institutionally operated programs. The rapid growth of appropriations for these programs has overshadowed stable or declining support for many federal programs and again has raised the question of the appropriate state and federal roles in post-secondary education.

During the past two years, four major developments occurred, which may have significant implications for state post-secondary education policies. They are:

(1) Passage of the Middle Income Student Assistance Act in 1978 — Shortly before final adjournment, the 95th Congress passed and President Carter signed the act extending eligibility for BEOGs to students from families with adjusted gross incomes of up to $25,000 starting with the 1979-80 school year. The previous income limit was about $15,000. Effects of the act on the State Scholarship and Grant Programs are discussed in Section V.B.1. The act also authorizes the federal government to pay interest subsidies on guaranteed loans made to all students regardless of their family income levels. Previously, the 7 percent per year special interest charged on the loan was paid by the federal government while the student was in school if his or her family's adjusted gross income was under $25,000 annually. Students are still responsible for the total interest during the repayment period. In addition, the law authorizes funding increases for the campus-based financial aid programs and the State Student Incentive Grant Program. Passage of the law has been one of the factors in the increased volume of applications under the Minnesota State Student Loan Program (see Section V.B.6.).

(2) Creation of Department of Education — Congress in 1979 approved legislation establishing a new cabinet-level department, and it began operating in 1980. The act consolidates under a secretary of education 152 programs from the Education Division of the Department of Health, Education and Welfare and other agencies.

(3) Appropriations for Post-Secondary Education — Some appropriations for post-secondary education have been reduced in congressional efforts to balance the federal budget. The most significant reduction resulted in a $50 per award reduction for all BEOG recipients in the 1980-81 academic year. While the per student reduction appears minimal, the total amount rescinded is substantial; but more importantly it represents the first reduction in the BEOG Program since it became an entitlement program.

(4) Reauthorization of the Higher Education Act of 1965 — For the past two years congressional committees have been working to redraft key sections of the Higher Education Act of 1965, as amended. Virtually every major higher education organization in the nation has been involved. The bill was signed by the President on October 3, 1980. Most sections are effective October 1, 1980; however, key provisions of the loan sections become effective on January 1, 1981.

The federal support to students and institutions embodied in the legislation is essential to the future health and vitality of post-secondary education throughout the nation. It also represents the federal commitment in a partnership with states to assure that individuals who need or desire post-secondary education will not be denied access to the institution of their choice because of economic conditions. Several sections of the bill represent significant change from existing law while other sections involve minor changes in program areas. In the sections of the bill dealing with national student loan policy, several changes have been made which will save federal expenditures without interrupting the federal commitment to providing reasonable access to student loans for all eligible students. These changes are estimated to represent savings of $3 billion during the five-year extension of the act.

Following are the major provisions which were developed in late summer 1980 as a compromise of the House and Senate conferees:

1. Increase in maximum awards under the Guaranteed Student Loan Program from $2,500 to $3,000 for independent students. Aggregate loan limits set at $12,500 for undergraduates and $25,000 for graduate students. Interest rates on new loans increased from 7 to 9 percent.

   Creation of a new program allowing parents of undergraduates to borrow up to $3,000 at 9 percent interest. (See Section V.B.6).

2. Expansion of maximum awards under the Basic Educational Opportunity Grant Program from $1,800 to $1,900 for the 1981-82 school year, rising to $2,600 by 1985-86.

3. Increase in maximum grants under the Supplemental Educational Opportunity Grant Program to $2,000 from $1,500.

4. Extension of the State Student Incentive Grant Program to graduate students and students enrolled less than half time with the maximum grant increased from $1,500 to $2,000.

5. Increase in maximum authorized funding under the College Work-Study Program to $670 million in Fiscal Year 1981 and then to $900 million in Fiscal Year 1985.

6. Increase in maximum aggregate loans under the National Direct Student Loan Program from $10,000 to $12,000 for graduate and professional students, from $5,000 to $6,000 for those who have completed the first two years of undergraduate study and from $2,500 to $3,000 for all other students. Interest rates on loans increased from 3 to 4 percent.

7. Expansion of international education efforts including a new program of international education and training for business personnel.

8. Revision of the existing program aiding developing institutions by authorizing project grants for institutions with special needs and grants for short term and long term commitments to institutions enrolling substantial numbers of disadvantaged students.

9. Revision of the priorities for the programs offering matching support for the construction of academic facilities to include the detection and removal of asbestos hazards and the use of coal, solar, and renewable resources.

10. Renewal of federal assistance to states involved in comprehensive planning for post-secondary education.

The implementation of this law will extend the major federal higher education programs until 1985. It is important to note that the award amounts and the maximum appropriation levels are authorized limits. The precise amounts for each fiscal year are determined by the appropriations process in Congress. Given the current efforts to balance the federal budget, it is anticipated that actual federal expenditures will be substantially lower than the authorized maximums in most, if not all, of the programs in the law. The effects of the law are especially important to Minnesota because many key state policies, especially those dealing with financial aid, are related to federal programs covered in the act.

Since this reauthorization process occurred within the context of a budgetary crisis, a presidential campaign, and divergent proposals for radical program changes, the final product is a series of major compromises. With this approach, major policy questions were not resolved during this process. To assure continuing attention to these questions and to prepare for future executive and legislative consideration of available options, the law established two study commissions. The Commission on National Development in Post-Secondary Education will concentrate on the congruence of national, state, and institutional efforts to pursue national goals in post-secondary education. The National Commission on Student Financial Assistance will focus on remaining issues in relating student financial aid to efforts to finance post-secondary education. Both commissions have established deadlines to report to the President and

Congress with recommendations for policy and appropriation actions.

Recommendations: To protect and promote constructive federal-state relations in post-secondary education, the Higher Education Coordinating Board reaffirms the following recommendations adopted in 1978:

That post-secondary institutions, faculty and students continue efforts to make most effective use of existing federal resources;

That post-secondary governing boards and chief executives redouble efforts to check conditions and expectations prior to authorizing submission of grant applications or funding requests;

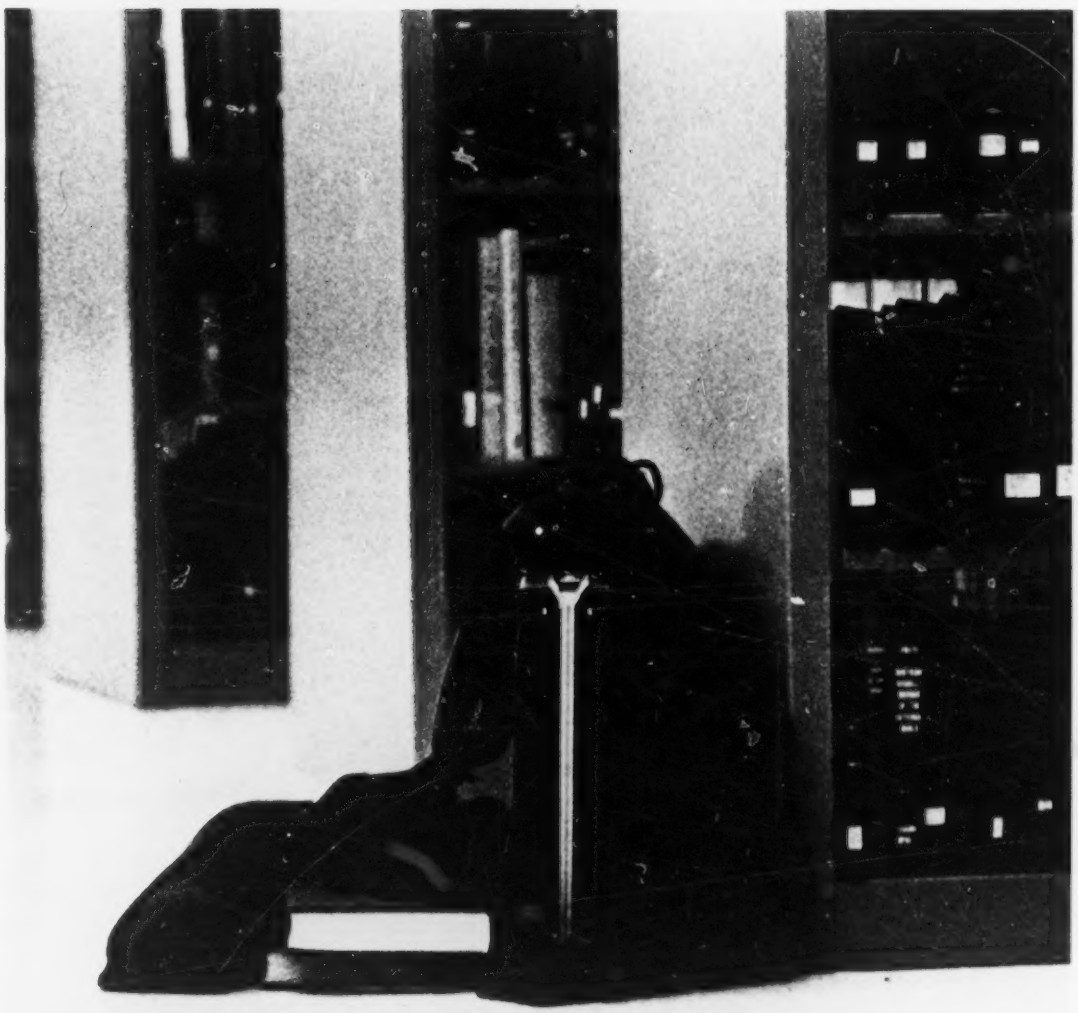
That the governor and legislature establish contingency funds to compensate for refused or reduced federal funds where federal conditions or priorities conflict with state policy or objectives;

That the Board and systems of post-secondary education in Minnesota work cooperatively to evaluate the impact of federal funds in the state and communicate the results to Congress and the legislature;

That the Board and legislature continue to relate state student assistance policies and appropriations to the availability of federal student assistance.

IV

PLANNING, RESEARCH AND POLICY ANALYSIS



IV. PLANNING, RESEARCH AND POLICY ANALYSIS

A. INTRODUCTION

The Coordinating Board's legislative mandate provides that it should "continuously study and analyze all phases and aspects of higher education and develop necessary plans and programs to meet present and future needs" and that it should "engage in long-range planning of the needs of higher education."[1] In accordance with this mandate, the Coordinating Board has completed several projects during the biennium; others are in progress and will be completed late in 1980 or early 1981.

The theme for most of these projects is the challenge of coping with projected enrollment declines. Four years ago the Board identified the need to effectively accommodate projected statewide enrollment declines in the 1980s as the most serious policy and planning issue facing post-secondary education in Minnesota. The Board identified major policy areas affected by the declines that would require continuous examination.[2]

A primary issue affected by enrollment declines is how to fund post-secondary education. During the biennium the Board staff prepared a paper providing an overview of current funding practices and future alternatives. The annual meeting of governing boards in 1979 was devoted to this topic.[3] Following the annual meeting, the Board voted to establish a special task force of educational, governmental and citizen leaders to explore future funding alternatives. This section contains a discussion of the funding issue, a description of the task force's work plan and a summary of the Board's current tuition policy recommendations.

The enrollment decline and the method of funding post-secondary education also will affect the ability to maintain and pay quality faculty in the 1980s. The 1979 Legislature assigned the Board to conduct a study of faculty compensation. Results of this study are reported in this section.

In view of declining enrollments, the Minnesota Legislature assigned the Board to conduct studies of the Community College System and the public area vocational-technical institutes. Recommendations have not been adopted, but progress reports on these studies are included in this section.

The section also reports on the status of the Board's policy study on part-time and returning students, its study of Latino students in Minnesota post-secondary education and its review of the need for coordinated career information. The latter study is based on a legislatively assigned evaluation of the Minnesota Occupational Information System, now known as the Minnesota Career Information Service.

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[1] *Minn. Stat.* Section 136A.04 (1978)

[2] Minnesota Higher Education Coordinating Board, ***Planning for Fluctuating Enrollments*** (December 1977)

[3] Minnesota Higher Education Coordinating Board, ***State Funding of Post-Secondary Education in the 1980s and Beyond: Working Paper and Proceedings, Annual Meeting with Governing Boards*** (November 29, 1979)

B. STATE FUNDING OF POST-SECONDARY EDUCATION

Introduction: Minnesota has a vital interest in how state funding policies affect the quality and variety of post-secondary education in the 1980s and beyond. Minnesota's current funding policies and procedures were developed in a period of enrollment growth and fiscal prosperity. As enrollments decline in the 1980s, the continuation of current funding policies may affect Minnesota post-secondary education adversely. In view of the possible negative effects and the Coordinating Board's mandate for "conducting a continuous analysis of the financing of post-secondary institutions and systems . . ."[4] a working paper on state funding of post-secondary education was prepared for the 1979 Annual Meeting with Minnesota Governing Boards. (A meeting summary appears in Appendix A).[5] The meeting was devoted to examining current funding policies for Minnesota post-secondary education and exploring alternative funding methods and their implications.

Background: The result of projected enrollment declines in the 1980s and 1990s may be staffing and funding reductions. The fact that post-secondary education has come through a period of substantial enrollment growth magnifies the problems of contraction. The basic research component of the University of Minnesota's mission also may be affected adversely by staff reductions. Staff reductions could leave small institutions with fewer staff than are necessary to provide a minimum range of instructional and support programs. This problem could be particularly acute for Minnesota's many small institutions. Private post-secondary education institutions, most of which rely on tuition and fees for the majority of their revenue, may be affected severely by projected enrollment declines.

While the enrollment declines projected for the 1980s and 1990s will affect the funding of post-secondary education, other economic and social conditions also will influence funding. Inflation likely will continue. The era of inexpensive and readily available energy is over. Public sentiment against increased governmental spending and competition for limited public resources will affect post-secondary education. Moreover, how society views post-secondary education may affect the amount of financial support provided and its distribution.

The working paper on funding examines the implications of the changing trends and conditions, specifically the effects of enrollment declines on the financing of post-secondary education in Minnesota. The paper includes the following:

1. A discussion, in general terms, of budgeting types used by states for financing public post-secondary education institutions and a discussion of formula funding methods, including their advantages and disadvantages;

2. A discussion of policies and procedures used by Minnesota to finance its public post-secondary institutions and the implications of the policies and procedures; and

3. An examination of alternative funding policies and their implications in the context of how they affect the state's ability to meet its goals for post-secondary education.

The Issue: The issue is how should post-secondary education be funded in the 1980s and beyond.

Summary of Findings and Conclusions: A more comprehensive policy for funding public post-secondary education may be required. Historically, a close relationship has existed between state funding for post-secondary education and enrollments. As enrollments have increased, support and staff have been added on a proportional basis.

However, the continuation of a funding policy related directly to enrollments in a period of projected enrollment decline (25-28 percent from 1979-1996) could have serious consequences for some public institutions and for the overall health of the state's education system.

If staffing of the state's public post-secondary institutions is related directly to enrollments in the future, the total number of full-time faculty in the four public systems would be reduced approximately 25 percent, or 2,700 positions by 1995.

Appropriations to the collegiate systems for the instructional part of their budgets have been based on a faculty-staffing ratio, with adjustments made for salary and fringe benefit increases and inflationary increases for supplies, expenses and equipment. Appropriations to the area vocational-technical institutes for the instructional portion of the budget have been based largely on a uniform aid amount per student from the previous year with

[4] *Minn. Stat.* Section 136A.04f (1978).

[5] Minnesota Higher Education Coordinating Board, ***State Funding of Post-Secondary Education in the 1980s and Beyond: Working Paper and Proceedings, Annual Meeting with Governing Boards*** (November 29, 1979).

adjustment for inflation, and to a smaller extent on a categorical aid appropriation which is allocated by the State Department of Education.

Several different funding policies have been used by the legislature and post-secondary systems in recent years to cope with the financing problems caused by enrollment fluctuations.

They include the "enrollment bulge policy" in which the state's collegiate systems were directed by the 1977 Legislature to fund enrollment increases preceding the anticipated decline out of temporary, additional tuition income; the change in the funding formula for the AVTIs to offset enrollment decreases, special appropriations to fund research and other non-enrollment related activities; a core funding policy for Southwest State University that ensures that the school will not lose staff if enrollments decline below current levels, and reallocation policies used by the University of Minnesota and the Community College System.

These policies, which were implemented to cope with enrollment fluctuations and declines, are positive steps to remedy the situation as it existed when they were implemented.

However, the long range implications of these alternative policies seem to indicate that a more comprehensive policy is needed to serve the best interests of the state in a period of decline.

The Coordinating Board staff identified and assessed five alternative funding policies. The alternatives were derived from current practices in Minnesota and other states. The five are the following:

1. Average cost funding;
2. Marginal cost funding;
3. Fixed and variable cost funding;
4. Minimum core funding; and
5. Performance related funding.

The alternative policies were examined in the context of how they affect the state's ability to meet its goals for post-secondary education. Descriptions and assessments of the alternatives are included in the working paper. Due to the varying effects of the policies and the diverse nature of post-secondary education in Minnesota, it is likely that some mix of these and/or other policies will best support the achievement of the state's goals for post-secondary education.

Recommendations: The Coordinating Board, based on the November 1979 meeting with governing boards, its working paper, and because of the priority attached to the issue by the governor adopted the following recommendation:

That the Coordinating Board invite the key participants in the state funding of post-secondary education to participate on a task force on future funding of post-secondary education.

Rationale: Because of the serious implications of the funding issue for all systems and sectors of Minnesota post-secondary education, the Coordinating Board proposed an approach involving representation by all the key participants in making financing policy decisions. Such an approach will enable the task force to identify a wide range of problems and alternatives and to evaluate them carefully in relation to the state's goals for post-secondary education.

C. TASK FORCE ON THE FUTURE FUNDING OF POST-SECONDARY EDUCATION

In connection with its review of post-secondary education funding, the Coordinating Board in 1980 established a task force to recommend policies on future funding. The task force, which consists of key participants in funding post-secondary education, is assessing the implications of continuing existing funding policies and the possible effects of alternative policies. The task force began work in fall 1980 following the adoption of a work plan by the Coordinating Board.

Membership: The task force consists of the following members or their designee:

1. Commissioner of Education
2. President of the University of Minnesota
3. Chancellor of the State Community College System
4. Chancellor of the State University System
5. Executive Director of the Minnesota Private College Council
6. Representative of the Minnesota Association of Private Vocational Schools
7. Governor
8. Commissioner of Finance
9. Chairman of the Education Division, House Appropriations Committee
10. Chairman of the House Education Committee
11. Chairman of the Education Subcommittee, Senate Finance Committee
12. Chairman of the Senate Education Committee
13. Three citizen members chosen by the Coordinating Board.
14. Executive Director of the Coordinating Board

Agenda: Following is the proposed work plan for the task force which was adopted by the Coordinating Board in May 1980.

1. A retreat on state funding of post-secondary education for members of the task force and Coordinating Board and governing board members was designed to serve as a starting point with common understanding of the purposes and concerns for the project.
2. The task force will adopt a set of criteria consistent with the state goals for post-secondary education to be used in assessing funding policies. Suggested criteria and the goals to which they relate include:
   a. **Diversity** — a policy should be sensitive to diverse needs of institutions as determined by mission. (Diversity Goal)
   b. **Quality** — a policy should be sensitive to qualitative efforts of individual institutions. (Quality Goal)
   c. **Efficiency** — a policy should promote efficiency and economy in use of funds by the state, the system and the institution. (Efficiency Goal)
   d. **Equity** — a policy should treat institutions of the same type equitably. (Financing Goal)
   e. **Flexibility** — a policy should be sensitive to the changing needs of post-secondary education. (Financing Goal)
   f. **Adequacy** — the policy or mix of policies chosen should provide adequate resources to fund the total operating needs of the institution. (Financing Goal)
   g. **Comprehension** — the policy should be easily understood by all parties concerned. (Financing Goal)
3. The task force will review simulations of the current funding policy and, based on the criteria adopted, determine which institutions or systems may be affected adversely. Alternative funding policies will then be investigated for these institutions and systems.
4. The task force will review simulations of alternative funding policies.
5. An interim report on the task force's findings regarding feasible alternatives and their implications will be submitted to the Coordinating

Board and governing boards and circulated to interested parties.

6. The 1981 Annual Meeting of Governing Boards will consider the interim findings and feasible alternatives.

7. Based on the criteria and the commentary on the interim report, the task force will make its final recommendations on feasible alternatives to the Coordinating Board.

8. The Coordinating Board will make its final recommendations to the governor and legislature by December 1981.

Status: The first task force meeting was held in October 1980. In December 1980 a workshop was conducted for the task force members, post-secondary governing board members, and other interested parties. A representative of each system discussed how his or her system is funded, what state funding is for the current biennium and how it was determined and what criteria other than enrollments have been used for determining state support for the system and institutions in the system. Governor Quie addressed workshop participants. The task force plans to meet each month.

D. TUITION POLICY

Introduction: State tuition policy in the 1970s developed from legislative appropriations decisions based on the specific needs and conditions within the public post-secondary systems. This determination of tuition levels often resulted in different treatment for different systems. In fulfilling its mandate for "conducting a continuous analysis of the financing of post-secondary institutions and systems . . .," the Coordinating Board has examined tuition policy alternatives and made recommendations to the governor and legislature.[6]

The Coordinating Board in 1978 conducted an extensive study of tuition policies and proposed recommendations for consideration by the governor, 1979 Legislature and the post-secondary governing boards.[7] The 1978 study represented a continuation of the Board's recommendations to the 1973 Legislature.[8]

The Issue: Operating the present system of institutions and programs in a period of declining enrollments will require that the state and/or the student will have to pay somewhat more than they are now to finance post-secondary education. The central issue is determining the share of the cost to be borne by the student through tuition and the share to be borne by the state through tax dollars.

Recommendations: The Coordinating Board's tuition policy objectives and principles adopted in 1978 are as follows:

A. Minnesota Statewide Tuition Policy — Minnesota statewide tuition policy should pursue the following objectives.

1. That the cost of providing post-secondary education should be shared in an equitable manner by all students through tuition and by the state through direct institutional subsidies and financial aid.

2. That as many citizens as possible should be able to attend institutions appropriate to their needs.

3. That all forms of post-secondary education should be financially accessible to students from all socio-economic groups.

4. That tuition policy and practices should be evaluated in relation to goals for post-secondary education.

5. That tuition policy should provide incentives to institutions and systems for efficient management of public resources.

B. Statewide Tuition Policy Principles — Statewide tuition policy should be consistent with the following principles:

1. Tuition price should be related to the costs of instruction.

2. The percentage which tuition revenue represents of instructional costs should be the same in each public system.

3. The percentage which tuition revenue represents of instructional costs should not exceed 30 percent or be less than 25 percent in the public post-secondary systems.

4. Recognizing the disparity which exists between tuition rates in the public collegiate systems and the area vocational-technical institutes, it is recommended that the tuition increase for the AVTIs be phased in gradually.

The Board recommended for the 1979-81 biennium that tuition increases sufficient to provide tuition revenue representing 25 percent of instructional costs be achieved by the end of the biennium. Also, the Board recommended that AVTI tuition increases be phased in gradually, achieving by 1981 a rate that is 12.5 percent of instructional costs and not less than one-half of the percentage in the collegiate systems. Finally, the Board recommended that the staff of the Board work with staff of the House Appropriations Committee, the Senate Finance Committee, the Department of Finance, and the post-secondary systems to refine the definition of instructional costs for the purpose of setting tuition rates.

Rationale: The recommended policy is intended to serve as a general guideline for legislators, the executive branch, governing boards and other interested parties for assessing decisions in the public systems.

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[6] *Minn. Stat.* Section 136A.041 (1978).

[7] Minnesota Higher Education Coordinating Board, ***Review of Tuition Policy Alternatives for Minnesota Post-Secondary Education: A Staff Technical Paper*** (August 18, 1978); Minnesota Higher Education Coordinating Board, ***Tuition Policy for Minnesota Post-Secondary Education*** (August 24, 1978).

[8] Minnesota Higher Education Coordinating Commission, ***Responding to Change, Report to the 1973 Minnesota Legislature*** (January 1973).

TABLE 19

TRENDS IN TUITION REVENUE AS A PERCENTAGE OF INSTRUCTIONAL COSTS FISCAL YEARS 1971-1980[1]

Fiscal Year	University of Minnesota	State Universities	Community Colleges	AVTIs
1971	25.38%	26.85%	24.59%	3.18%
1972	27.69	24.98	27.09	3.14
1973	26.71	23.07	25.61	2.94
1974	25.70	23.90	23.30	3.34
1975	24.69	22.18	24.05	2.84
1976	23.69	21.07	24.42	2.62
1977	24.20	21.00	24.81	2.37
1978	25.79	21.30	23.90	2.82
1979	24.80	20.20	24.27	10.80
1980	23.80	20.77	24.41	
Percent Change 1971-1980	(-6.23%)	(-22.65%)	(-0.73%)	

[1]Does not include summer session in the collegiate systems.
[2]Instructional costs at the University of Minnesota; maintenance and equipment expenditures in the community colleges and state universities.

If the state continues to fund post-secondary education on an enrollment based formula, the real cost of post-secondary education will decline in total constant dollars. However, as enrollments decrease, the cost per student in real dollars will increase. Fewer students will be served, and hence, fewer students will pay tuition.

The Board recommendations assume that all students should be treated equitably, tuition rates should reflect the cost of services being provided, and the student should pay similar portions of the cost of instruction. Students enrolling in one system should not receive a larger proportional subsidy from the state than students enrolling in another system.

The adoption of the policy recommendations is intended to provide substantial flexibility for governing boards and institutional managers. The implementation will affect the equitable treatment of students and institutions and the distribution of public resources.

Status: At the time of the Board's recommendations in Fiscal Year 1979, tuition revenue as a percentage of instructional costs totaled 24.8 percent at the University of Minnesota, 20.2 percent at the state universities, 24.3 percent at the community colleges and 10.8 percent at the AVTIs. In Fiscal Year 1980 tuition revenue as a percentage of instructional costs was 23.8 percent at the University of Minnesota, 20.8 percent at the state universities and 24.4 percent at the community colleges. Table 19 provides the percentages for Fiscal Years 1971-1980. Estimates for Fiscal Year 1981 are not included.

The Coordinating Board in November 1980 discussed a staff recommendation to reaffirm its support for the existing policy and recommend its adoption by the governor and legislature.[2] The Board tabled action and asked staff to return with revised language reflecting the Board's intent to refine the proposed policy. Action was scheduled for December 1980.

[2]Minnesota Higher Education Coordinating Board. ***A Recommended Tuition Policy for Minnesota Post-Secondary Education*** (November 1980).

E. REPORT ON COMPENSATION AND FACULTY CHARACTERISTICS

Introduction: The 1979 Legislature directed the Higher Education Coordinating Board to conduct a study of salaries, fringe benefits and professional employees in post-secondary education. The legislative request stated:

The Higher Education Coordinating Board shall conduct a study of the salaries and fringe benefits of unclassified professional employees in public and private post-secondary education in Minnesota. The study shall examine existing compensation patterns in each system and institution as related to sex, rank, length of service, term of employment, professional preparation, and conditions of employment specified in any collective bargaining agreements. The study shall relate compensation to total educational costs, including, but not limited to long range enrollment projections, faculty student ratios, and the geographic distribution of institutional and faculty resources. The study shall also examine the policy of the institution in regard to the amount of time devoted to outside employment of unclassified employees in public post-secondary education.

A report on the study shall be made to the legislature by July 1, 1980.[10]

Faculty are the essential resource of an educational institution. The accomplishment of post-secondary education institutions' missions of instruction, research and public service is primarily the responsibility of the faculty. Thus, the characteristics of the faculty, both demographic and professional, merit examination and continuing public concern.

Education is a labor intensive activity. In Fiscal Year 1978-79, an estimated 70 percent of all operating expenditures by Minnesota post-secondary education institutions were for personnel costs. Consequently, faculty compensation patterns have an enormous impact on expenditures for post-secondary education.

Post-secondary education institutions compete not only among themselves but also with other sectors of the economy for the services of faculty. An examination of compensation patterns over time in Minnesota post-secondary education systems and institutions, when compared with patterns in similar systems and institutions, can help determine whether Minnesota systems are

competitive with other institutions in the market for post-secondary education faculty.

Enrollments in the four Minnesota public post-secondary education systems are projected to decline by roughly 25 percent, or by between 31,000 and 33,000 full-year equivalents, from 1982 to 1995. Barring drastic changes in state post-secondary funding policies, significant faculty reductions would be necessary as a result of these projected enrollment declines. Even modified funding policies which are not directly enrollment related are likely to require faculty reductions. Faculty reductions tend to have some or all of the following consequences:

1. Flexibility needed to make program changes in response to changes in student instructional demands is lost.
2. Faculty remaining after reductions tend to be in the higher salary levels, resulting in an increase in the average salary expenditures and instructional costs.

[10] *Minn. Laws 1979*, Chapter 335, Section 3, Subd. 18.

3. Substantial faculty reductions combined with few, if any, new hires tend to retard progress toward affirmative action goals.

4. Possibilities for professional advancement in institutions which grant tenure could be reduced or eliminated.

If these consequences are realized as a result of faculty reductions, the quality of Minnesota post-secondary education would be adversely affected.

A report presenting a summary of faculty characteristics and compensation trends in public and private post-secondary education in Minnesota was completed in November 1980.[11] The information is primarily descriptive. The report contains six sections. A list of findings, policy issues and future studies is contained in the first section. The second section is a faculty characteristic profile which describes instructional and administrative faculty in academic year 1978-79. The third section profiles faculty compensation in detail for academic year 1978-79. Average faculty compensation between 1970-71 and 1979-80 for Minnesota post-secondary systems and their comparison groups is profiled in the fourth section. The fifth section profiles the faculty age distribution with respect to appointment type to determine the number of current faculty who can be expected to retire in the next 18 years (the period of enrollment decline). Finally, employment policies and collective bargaining contracts of public collegiate systems are summarized in the sixth section.

The faculties of the following systems or groups of institutions were included in the study:

1. the area vocational-technical institutes,
2. the Community College System,
3. the State University System,
4. the University of Minnesota, and
5. private colleges and universities (16 members of the Minnesota Private College Council).

The faculty profiles were prepared at the system level since institutional level analysis would have required 79 separate profiles.

Major Findings on Faculty Characteristics and Compensation

1. In 1978-79, the percentage of females employed as instructional faculty ranged from 18.0 percent at the University of Minnesota to 34.0 percent in the Community College System.

2. The percent of instructional faculty who were members of a racial/ethnic minority in 1978-79 ranged from 0.3 percent in the area vocational-technical institutes to 5.0 percent at the University of Minnesota.

3. The mean (average) salaries for full-time nine month academic faculty in 1978-79 ranged from $15,417 for occupational and vocational faculty in the Community College System to $22,072 at the University of Minnesota.

4. Full-time instructional faculty salaries for females were lower than those for males in every system or group of institutions in 1978-79.

5. The proportion of full-time faculty ranged from 31.0 percent in the Community College System to 95.0 percent in the area vocational-technical institutes.

6. The mean (average) compensation for instructional faculty, in constant dollars, declined in *all* four collegiate systems in Minnesota between 1970-71 and 1979-80. The smallest decline was 5 percent in the State University System. The largest decline was 16 percent for faculty employed in private four-year colleges and universities.

7. The mean (average) salaries for full-time instructors and administrators in the area vocational-technical institutes declined by 13 percent in constant dollars between 1972-73 and 1979-80.

8. The percentage of permanent instructional faculty in 1978-79 who will reach the mandatory retirement age of 70 by 1996 ranged from 15 percent in the Community College System to 39 percent at the University of Minnesota.

A few cautionary remarks are necessary in reviewing these findings. The differences in mean (average) salary between systems are substantial. These differences are caused by many factors including the mission of institutions and systems, different levels of professional preparation, and different labor market demand for skilled faculty. A major research university competes with other similar institutions, private industry and government for faculty members with skills in high demand. These faculty members command higher salaries than do faculty employed in community colleges or area vocational-technical institutes.

It is apparent from this data that women, on average, receive lower salaries than men. There are no simple explanations for the differences by sex for full-time instructional faculty. The salary level of an individual faculty member is due to many factors such as length of service, rank, discipline and professional preparation. All of these factors must be assessed in determining why women consistently rank lower than men in mean (average) salary.

[11] Minnesota Higher Education Coordinating Board. *Compensation And Faculty Characteristics in Public And Private Post-Secondary Education* (November 1980).

Issues: These highlights pose a number of policy-related issues which merit further study.

1. What are the opportunities for Minnesota's post-secondary institutions to maintain or increase their commitment to employing women and minorities in the future? Will the projected enrollment decline adversely affect the status of women and minorities currently employed in post-secondary education?

2. Should the state and systems of post-secondary education be concerned about the mix of full-time and part-time faculty employed in post-secondary education?

3. What are the effects of limited or no opportunities to hire new faculty in a period of declining enrollments?

4. What are the current and future effects of the decline in average constant dollar salaries in post-secondary education?

5. Are differential faculty instructional workloads in the best interest of the state? In a period of declining enrollments, should the state support increased departmental research and/or public service activities in order to maintain faculty otherwise endangered by declining enrollments.

6. Will it be necessary to provide current faculty with an opportunity for early retirement or extended leave in order to retrain and find employment in other fields?

The report summarizes faculty characteristics and compensation trends in public and private post-secondary education and is primarily descriptive. Additional studies are planned in order to explore the issues discussed above.

In May 1981, the Board will complete a study of the implications for post-secondary education faculty of the projected enrollment drop of the 1980s and 1990s. This study will examine the extent of faculty reductions that may be necessary based on the age distribution and attrition rates of current faculty. Specific policy alternatives and recommendations will be included. Opportunities for hiring new faculty and maintaining the current commitment to affirmative action as enrollments decline will be assessed.

A second study will be completed in Fiscal Year 1982 focusing on the issue of salary equity in post-secondary education. This study will determine the extent to which faculty salary differences can be explained by differences in faculty characteristics such as age, sex, race, rank and professional preparation.

F. COMMUNITY COLLEGE STUDY

Introduction: Projected enrollment declines and limited funds available to finance education underscore the need to identify alternatives for the future of Minnesota's post-secondary education systems. In light of the anticipated conditions, the status quo is not likely to serve either post-secondary education or the residents of Minnesota effectively.

Concerned about planning for the projected enrollment declines, the 1979 Minnesota Legislature directed the Coordinating Board to study the Community College System, with the assistance of the State Board for Community Colleges, and to make recommendations to the House Appropriations and Senate Finance Committees by January 1981. The mandate is presented below:

In view of declining enrollments in some community colleges, the Higher Education Coordinating Board, with the assistance of the State Board for Community Colleges, shall conduct a study of, make recommendations in regard to and the advisability of:

(1) Discontinuance or reduction of programs, activities, and services;
(2) Closing of colleges;
(3) Consolidation or merger, or both, of community colleges;
(4) Merger of community colleges with other post-secondary institutions; and
(5) Other appropriate alternatives.[12]

Following passage of the authorizing legislation, the chairman of the Senate and House conferees who drafted the legislation issued a statement clarifying the intent. The conferees wished to include "expansion" along with "discontinuance" in section (1). They also wanted to delete "closing of colleges." The HECB staff has assumed that these clarifications do not prohibit consideration of all feasible policy alternatives.

A description of the current community college conditions and alternative policies was completed in June 1980, and an interim report was presented to the Coordinating Board in July 1980.[13]

The interim report contains two major sections: a description of the current status of the community colleges and the other public post-secondary education systems and a discussion of the policy alternatives which could be implemented by the state to cope with declining enrollments. The description of the current status includes information on the history and mission of the community colleges, enrollment trends, enrollment projections, institutional service areas, student characteristics, programs and finances. This information was obtained from the systems of post-secondary education and Coordinating Board surveys. It is intended to provide a context for understanding the present and future conditions facing the community colleges and the other public systems of post-secondary education. The alternatives include a range of possible options.

Technical assistance was obtained from Dr. John Millett, senior vice-president of the Academy for Educational Development, for the preparation of two parts of the report. It was determined early in the study that the development of future alternative policies should include (1) an assessment of what constitutes a "core" transfer program in a community college and (2) an evaluation of the need for the General College at the University of Minnesota.

Dr. Millett, who is the former chancellor of the Ohio Board of Regents and president of Miami (Ohio) University, visited Minnesota several times, consulted with staffs of the Community College System and the University of Minnesota, and prepared reports and recommendations on both of these matters.[14] The findings and recommendations from these consultations have been integrated with other aspects of this study to help frame the feasible alternatives and implications of changes.

The Issues: The interim study identifies four major issues. They involve questions about the mission of the Community College System, its role in providing access to residents of the state through a wide dispersal of small outstate colleges, the establishment of a minimum core program needed to maintain a viable school, and differences in the characteristics of metropolitan area and outstate campuses.

The first issue addresses the mission of the Community College System. While the community colleges provide lower division instruction in

[12] *Minn. Laws 1979*, Chapter 335, Section 3, Subd. 20.

[13] Minnesota Higher Education Coordinating Board, ***Interim Report on the Minnesota Community College System*** (July 1980).

[14] ***Interim Report on the Minnesota Community College System, Technical Report No. 1: Report on Enrollment and Costs, Minnesota Community College System*** (February 1980) prepared for the Minnesota Higher Education Coordinating Board by John D. Millett; ***Interim Report on the Minnesota Community College System: Technical Report No. 2: Report on the General College of the University of Minnesota***, prepared for the Minnesota Higher Education Coordinating Board by John D. Millett (June 1980).

Minnesota, this mission is shared by the other public systems. There may be good reasons for this overlap. However, as enrollments decline and resources are constrained, the state must develop policies which will clarify the mission of each system, eliminate unnecessary competition, and provide incentives for increased cooperation between institutions and systems.

A second issue is whether the current policy of providing access through the widespread availability of small schools will continue to be appropriate as state demographic conditions change and enrollments decline. Of Minnesota's 63 public institutions, 49 are located in outstate communities, and the Coordinating Board projects that by 1990, 27 will enroll fewer than 600 students. Small schools cannot absorb many reductions before programs are crippled. Thus, the state is confronted with the choice of closing institutions, providing funds even though overall enrollments don't justify them or consolidating nearby institutions into larger, more efficient operations.

The third issue examines the minimum number of faculty and staff needed to maintain a college regardless of the number of students served. Funding for Minnesota's public colleges now is based generally on the number of students enrolled. As enrollments decline in small institutions, funding will be reduced. The number of faculty may be reduced and the quality of programs harmed. Therefore, if the state wishes to ensure access to a meaningful education program through wide dispersal of small institutions, state support will have to be provided to small institutions on the basis of core program needs rather than enrollment-related budget formulas.

The final issue arises from enrollment trends of the past decade which have heightened differences between community colleges located in the metropolitan area and those located outstate. Enrollment projections suggest that these differences will increase.

Differences between the metropolitan and outstate campuses also are seen in expenditure patterns. For example, the smaller community colleges have higher operating expenditures per student than do the larger metropolitan community colleges. Economies of size enable larger community colleges to devote proportionately more of their resources to instruction and less to support than small colleges are able to do. And small community colleges rely proportionately more on state financial support and less on tuition than do large colleges. These trends pose a difficult policy problem for the state that may require new financing policies.

Summary of Findings:

1. There is a clear dichotomy within the Community College System between the institutions located in the Minneapolis-St. Paul area and Rochester and institutions located elsewhere in the state. The metropolitan colleges are larger, have experienced growing rather than stable or declining enrollments, will likely experience less severe enrollment declines, attract more part-time and older students, offer more occupational programs, and cost less per student to operate.

2. Between 1972 and 1979, full-year equivalent enrollments at community colleges increased 9 percent in contrast to an overall increase in post-secondary enrollments of 15 percent. Enrollments in occupational programs accounted for nearly all of the post-secondary enrollment increase. Community college enrollments in the Twin Cities area increased 27 percent while enrollments at outstate community colleges decreased 12 percent (18 percent if Rochester is not included with the outstate group).

3. By the mid-1990s, community college enrollments are projected to decline by about 15 percent to 18 percent. Twin Cities campuses may experience an enrollment decline of 2 percent to 5 percent by 1990 and 12 percent to 15 percent by the mid-1990s. In contrast, outstate campuses may experience a decline of 15 percent to 18 percent by 1990 and 22 percent to 26 percent by the mid-1990s. By the 1990s, five outstate colleges may have enrollments of less than 400.

4. The community colleges have the most local geographic enrollment base of the four public post-secondary systems in Minnesota.[15]

5. The community colleges have been in the forefront of the trend to enroll part-time students, older students, and female students.

6. Community colleges offer about one eighth of the sub-baccalaureate, occupational programs offered at Minnesota's public post-secondary institutions. One half of the community college programs are located at Twin Cities area institutions.

15Minnesota Higher Education Coordinating Board, ***Interim Report on the Minnesota Community College System, Technical Report No. 3: Student Access And Institutional Markets*** (September 1980)

7. The Community College System in 1978 had the lowest expenditure per full-time student among the state's public post-secondary systems.

8. Operating expenditures per student at large community colleges tend to be much less than expenditures per student at small community colleges. In the extreme cases, expenditures per student at the largest college were nearly half those at one of the small colleges. Much of the difference is due to relatively less variable administrative costs.

Status: The interim report was distributed widely to interested parties, and discussions were held to assess reactions to the findings and alternatives. The final report and recommendations of the Coordinating Board will be based on an evaluation of the alternatives.

Extensive consultation occurred during the development of the interim report and it continues. Among the affected parties consulted have been the chancellor of the Community College System, members of the State Board for Community Colleges, college presidents, faculty and representatives of the other post-secondary institutions in Minnesota. Discussions have been held with legislators.

Alternatives for the Future: Coordinating Board staff identified several alternatives for the future of the Community College System. Additional alternatives have been suggested and will be assessed prior to the completion of the study and preparation of recommendations by the Board. Following is a list of the alternatives under consideration:

1. **Maintenance of the status quo** — continued operation of existing institutions with existing funding and staffing practices, regardless of enrollment declines.

2. **Closing colleges with full-year equivalent enrollments of fewer than 400** — terminating operation of small institutions where expenditures per student are high.

3. **Supporting small colleges based on program needs rather than enrollments** — establishment of a full-time equivalent core faculty at each institution that would not be reduced regardless of enrollment declines.

4. **Merger of area vocational-technical institutes and community colleges under a new board** — creation of one state system responsible for providing most sub-baccalaureate post-secondary programs offered in the public sector.

5. **Merger of nearby community colleges** — establishment of a common administration, a common set of administrative services, or a common faculty for community colleges in reasonably close proximity.

6. **Consolidation/cooperative programs between community colleges and area vocational-technical institutes in the same community** — establishment of a common administration or a common set of administrative services for the college and AVTI without altering statewide governance structures.

7. **Clearer delineation of the role of the General College and its relationship to the community colleges** — clear delineation of function between community colleges and the General College of the University of Minnesota to assure efficient use of educational resources in the Minneapolis-St. Paul area.

8. **Clearer delineation of role of vocational education in the community colleges and other post-secondary institutions** — clear assignment of responsibility for providing general education and vocational education, particularly between community colleges and AVTIs.

9. **Regional governing boards for community colleges and AVTIs** — under this alternative a regional governing board would be responsible for both vocational education and traditional lower division education.

Recommendations: Final recommendations were to be considered by the Coordinating Board in late December 1980 or January 1981.

G. AVTI STUDY

Introduction: The 1980 Minnesota Legislature directed the Higher Education Coordinating Board, in cooperation with the State Board for Vocational Education, to conduct a study of the area vocational-technical institutes (AVTIs) and make recommendations with regard to the following:

(1) The mission of the AVTIs and their relationship to other systems and institutions;

(2) The instructional programs and community services to be offered by the AVTIs;

(3) The governance and structure of the AVTIs;

(4) The financing policies and procedures of the AVTIs;

(5) Other appropriate issues as necessary.[16]

The Coordinating Board was directed to submit its report and recommendations to the legislature by February 1, 1981. The 1980 AVTI study mandate followed action by the 1979 Legislature directing the Coordinating Board to conduct a study of the Community College System (Section IV.F.)

An interim report on the AVTIs was completed in November 1980.[17] The format of the AVTI report parallels that of the community college study, and many overlapping issues are evident.

The interim report contains information on the four major issues cited in the legislative mandate. The report describes the development of the AVTI system, reviews conditions and trends in the system and identifies issues posed by the study and alternatives to address projected enrollment declines.

The information was obtained from Coordinating Board surveys and the systems of post-secondary education. During the study, the Coordinating Board staff consulted with members of the State Board for Vocational Education, AVTI directors, staff of the Department of Education and other interested parties.

The Issues: A review of AVTIs in Minnesota raises several issues to address when considering alternatives that will best enable the state to maintain the quality of post-secondary education in the 1980s and 1990s. These issues are as follows:

1. **Impact of Future Conditions** — While the exact implications of the projected enrollment decline are not known, it is clear that those who govern, administer and teach in all systems of post-secondary education will have to cope with new problems. The issue is how to change current practices in order to respond effectively to future conditions.

2. **Distinctive Role of Post-Secondary Vocational Education** — Vocational education in Minnesota provides opportunities for residents to acquire job skills needed for employment. For those already employed, vocational education as offered by the AVTIs provides an opportunity for retraining and the acquisition of additional skills. As policymakers and educators consider changes in response to future conditions, they should preserve the distinctive contributions that vocational education makes to a skilled and productive work force.

3. **Choice of Educational Opportunities for Students** — Opportunities are limited for AVTI students who wish to enroll in vocational education and general education in one setting. There is no empirical answer to the debate between proponents of narrowly focused vocational education or those who would require every student to take some general education. However, the state should consider increasing opportunities for AVTI students who wish to combine vocational training with general education and vice versa. This development would maximize the use of state resources while meeting student needs.

4. **Comprehensive Approach to Post-Secondary Vocational Education** — Most of Minnesota's post-secondary systems provide at least some vocational education. Thus, any consideration of post-secondary vocational education must extend beyond the AVTIs. Coordination of instructional programs by occupational field and geographic region must take into account the available resources and programs at the various post-secondary institutions. Without a comprehensive approach, the state risks misallocation of resources, inefficiency and uncoordinated responses to the needs of its residents.

[16] *Minn. Laws 1980*, Chapter 614, Section 25(b).

[17] Minnesota Higher Education Coordinating Board, *Interim Report on Minnesota System of Area Vocational-Technical Institutes* (November 1980).

5. **Governance** — The existing governance structure worked for the AVTIs during the system's growth in the 1970s. However, effective management of AVTIs under future conditions may require a change of governance. The close association between vocational education and K-12 education may no longer be suitable for addressing the needs of post-secondary and adult vocational education. Either at the state or the local level joint governance of the AVTIs and of primary and secondary institutions may be too great a task for a single board.

Summary of Findings:

1. The interaction of changing occupational needs, federal support, local initiative and state support and guidance has resulted in a system of 33 area vocational-technical institutes operating throughout Minnesota. The present system represents an historical sharing of authority between the local school district and the State Board of Education.

2. The demand for post-secondary non-baccalaureate vocational education is extensive. Since 1971 enrollments in the AVTIs have increased dramatically in absolute terms and as a proportion of total public enrollments. In 1972 average daily membership in the AVTIs was 16,256. In Fiscal Year 1980, average daily membership in the AVTIs was 31,712, or 15,456 higher than in 1972. This represents an increase of almost 100 percent in nine years. During the period, AVTI enrollment increased from 14 percent to almost 24 percent of all public enrollments. AVTI enrollments increased in all regions including those where overall post-secondary enrollments declined.

3. The growth in AVTI enrollments during the 1970s reflected a general growth in post-secondary vocational education. AVTIs and the technical colleges of the University of Minnesota at Crookston and Waseca accounted for more than 90 percent of the increases in enrollment. AVTI enrollments in the Minneapolis-St. Paul area nearly tripled while outstate enrollments increased by just over 50 percent during the 1970s.

4. A period of enrollment decline is projected to follow these years of facility expansion and enrollment growth. Total public post-secondary enrollments in Minnesota are projected to decline about 25 percent by the mid-1990s. AVTI enrollments are also projected to decline 25 percent from 1979 enrollment levels. However, AVTI enrollments are the most difficult to project because of their sensitivity to economic and labor markets. Nevertheless, by the 1990s, about a dozen outstate AVTIs are projected to have an average daily membership of less than 400; seven are projected to have less than 300.

5. Individual AVTIs are important outlets for post-secondary education for students in 78 of the state's 87 counties. AVTIs serve larger geographic areas than do nearby community colleges. Statewide, AVTIs draw 47 percent of their enrollments from their home counties and 71 percent from their home regions. Outstate AVTIs draw 38 percent from their home counties and 63 percent from their home regions, while Minneapolis-St. Paul AVTIs draw 63 percent from their home counties and 86 percent from their home regions. The larger service areas of some AVTIs indicate that they serve statewide clientele.

6. Like other post-secondary systems, AVTIs have increased the number of female, part-time and older students they enroll in post-secondary vocational programs.

7. Although all post-secondary systems offer some nonbaccalaureate occupational programs, AVTIs offer almost 80 percent of the 1,200 total programs. During 1979 and 1980, AVTIs implemented 25 new programs and discontinued one. Programs in AVTIs range from 3 months to 27 months, and the percentage of long-term programs varies by institute. Adult vocational education is offered by all AVTIs. The AVTI adult programs are financed and operated differently than the post-secondary programs.

8. The AVTIs have gained increasingly more state support. By Fiscal Year 1979, total operating expenditures for the AVTIs were $102.5 million, a figure surpassed only by the University of Minnesota among the public systems. State appropriations, in fact, have supplanted direct financial support by local school districts for the operation of AVTIs. A new funding method for post-secondary instruction in AVTIs took effect in Fiscal Year 1981; it takes into account program costs as well as enrollment levels.

9. AVTIs as a group in the Minneapolis-St. Paul area have higher expenditures per student for support activities than do outstate AVTIs. Expenditures per student for support activities at small outstate AVTIs tend to be greater than expenditures at large, outstate AVTIs. Related instruction, which is budgeted separately, comprises a significant amount of instructional activity at some AVTIs. Related instruction is writing, mathematics and science and other subjects oriented to specific vocational programs.

Alternatives for the Future: A full range of alternatives has been identified for future state policy to cope with anticipated enrollment and fiscal conditions. A description of the alternatives follows:

1. Maintenance of the Status Quo

Under this alternative, no changes would be made. The governance structure and finance policies of the AVTIs would continue as they are now.

2. Merger of AVTIs Serving the Same Geographic Region

Under this alternative, the administration of two or more nearby AVTIs would be merged to achieve some administrative savings. The nature of the merger would have to be arranged by local school boards.

3. Closing or Merging Small or Inefficient Institutions

Under this alternative, consideration would be given to closing AVTIs whose average daily membership drops below 300. Small institutions may have high administrative costs per student while offering a limited number of instructional programs.

4. Financing Small Institutions Based on Minimal Support Needs

Under this alternative, all necessary support services at small AVTIs would receive guaranteed financial support. Small AVTIs may not otherwise be able to raise sufficient funds from tuition and other sources of revenue to support these activities.

5. Consolidation/Cooperative Programs Between AVTIs and Public Colleges in the Same Community.

Under this alternative, cooperative or joint relationships would be established among public institutions serving the same region or community. Examples would be specific institutions offering joint services or the merger of community colleges and AVTIs in the same communities.

6. Establishment of a Separate Board for the AVTIs

Under this alternative, a new state governing board would be created for the AVTIs. The new board would assume control over the AVTIs.

7. Merger of All Sub-Baccalaureate Institutions Under a New Board

Under this alternative all AVTIs, community colleges and technical colleges of the University of Minnesota would be placed under a single board. The board would be in a position to coordinate the delivery of occupational and general education programs below the baccalaureate degree.

8. Merger of Sub-Baccalaureate Institutions with Establishment of Regional Boards.

Under this alternative, all AVTIs, community colleges, and technical colleges of the University of Minnesota would be merged into one system. Primary governance responsibility in the system would rest with regional governing boards which would have the authority over institutions in their geographic area.

9. Establishment of a State Board for Post-Secondary Non-Baccalaureate Vocational Education.

Under this alternative, responsibility for providing post-secondary, non-baccalaureate vocational education would be placed under one board. All AVTIs and technical colleges of the University of Minnesota would be placed under the board's control. All non-baccalaureate occupational programs in public collegiate institutions would either be transferred to the new system or eliminated. All responsibility to provide general education and all authority to award associate degrees would rest in the collegiate systems.

10. Clearer Delineation of the Role of Vocational Education in the Community Colleges and the Other Post-Secondary Systems.

Under this alternative, the Coordinating Board would develop procedures and criteria for reviewing occupational programs in all public systems of post-secondary education.

Recommendations: The Coordinating Board was scheduled to receive staff recommendations in late December 1980 or early January 1981 and adopt recommendations by late January 1981.

H. STUDY OF POST-SECONDARY EDUCATION FOR PART-TIME AND RETURNING STUDENTS

Introduction: Nationally and in Minnesota, post-secondary institutions are serving increasingly diverse student populations. Among the groups have been growing numbers of adults who are returning to school, usually on a part-time basis.

As enrollments and services to part-time and returning students have developed from small, peripheral efforts into active programs at many institutions, the state's interest and investment in these activities have become concerns of the institutions, the Coordinating Board and the legislature. Projected enrollment declines in eligible post-high school applicants will stimulate increased institutional efforts to attract adults back to the campus. In light of these past and projected changes, the Board has conducted a review of several issues facing the s[illegible].

The study makes extensive use of existing information. Because the programs conducted for part-time and returning students are diverse, discussions with campus personnel were used to develop an understanding of current services, problems and potential. In the course of these visits and other contacts, written documentation on programs, needs and student characteristics was obtained.

Additional guidance was received from members of a special advisory committee established for the study. The committee included representation of public and private institutions and systems, students and the public.

The study focuses on activities conducted by public and private post-secondary institutions and includes both instructional and support services, on and off-campus programs, and credit and non-credit instruction. Similar programs conducted by other organizations such as libraries or elementary and secondary schools are generally outside the scope of the study.

The Issues: The study has been organized around the following five broad questions:

1. What instructional and student services programs should be available to part-time and returning students?
2. What forms of credit or recognition should be given to participants?
3. How should responsibility be shared and monitored within the post-secondary sector?
4. How should instruction for part-time and returning students be funded?
5. How should the Coordinating Board's financial aid programs respond to changing patterns of enrollment?

Findings: The most significant findings are summarized below:

Programs

1. The vocabulary used to describe returning students and the types of programs which serve them is imprecise and inconsistent. Programs are sometimes called adult education, continuing education, community education, extension, outreach, non-traditional education or lifelong learning. These terms, however, can have different meanings depending on the user and the context.

2. At some institutions, programs targeted toward returning students may be separated from regular programs in terms of faculty, funding and administration. At other institutions, there is no visible distinction in organizational arrangement. In practice, most instruction in the public institutions is available to both full-time and part-time students, both young and mature adults. As enrollments of part-time and returning students have grown, it has become increasingly difficult to distinguish the programs which serve them as peripheral enterprises.

3. The most common method of reaching returning students is through the provision of evening, on-campus classes for credit. Off-campus classes and non-credit instruction are common, but less frequently provided. Competency-based education incorporating recognition of prior, non-school learning is available at a few institutions.

4. Although all public institutions attempt to make their instructional opportunities available to returning students, it is frequently not possible to complete a degree without attending on-campus, day classes for some requirements.

5. To capture the non-degree-oriented student, institutions are usually required to alter the content, as well as the delivery, of their instructional programs.

6. For most residents, opportunity is related to their proximity to a large, multi-purpose public institution. Small institutions find it difficult to accommodate diverse needs. Consequently, outstate residents who do not live near a post-secondary institution are the least well-served followed by residents of communities with only a small community college or vocational-technical institute.

7. Non-credit instruction typically is viewed as a form of public service rather than an extension of the instructional mission of the institution.

8. The area vocational-technical institutes serve very few part-time students in post-secondary programs. Nearly all participants in adult vocational education are part-time.

Credits

9. Although once linked to measured progress toward a degree, academic credits are now divorced from degree structures. Credits may be assigned to qualifying instruction which has limited use as part of a degree plan.

10. Standards for evaluating instructional content and assigning credit are formulated and applied by institutional faculty.

11. Because the funding of public institutions depends primarily on credit enrollments, there is an incentive to award credit whenever possible.

Coordination

12. Coordination of off-campus, non-credit, or evening classes which are not offered as part of a permanent degree option takes place through the Coordinating Board's regional centers, local and regional voluntary associations, and informal contacts.

Financing

13. In the public collegiate systems the student's share of direct instructional costs (not counting support services and plant operations) for credit instruction ranges from 36 percent to 100 percent.

14. Two programs which provide substantial access to credit instruction to part-time and returning students are expected to cover nearly all direct costs through student tuition. These programs are Continuing Education and Extension, an administrative division at the University of Minnesota which sponsors most evening and off-campus instruction, and off-campus graduate classes offered through the state universities.

15. Non-credit instruction does not differ fiscally from non-instructional forms of public service. Except for special purposes, state funds are not used to support the direct costs of either non-credit instruction or public service.

16. At the area vocational-technical institutes, students enrolled in post-secondary vocational education pay 17 percent of direct instructional costs through tuition. Adult vocational students pay, on the average, 36 percent of their direct costs through fees which are established at the local level.

17. Cost allocations of indirect expense items differ according to local and system decisions. As a result, post-secondary vocational education subsidizes adult vocational education in some districts because certain shared costs are not assigned to the adult budget. Similar differences affect the computation of costs which must be recovered through fees for non-credit instruction in the public colleges.

Financial Aid

18. Factors which limit the access of part-time and returning students to the major need-based public financial aid sources include attendance requirements, limitations on eligible programs, allowable student budgets and computations of resources available for educational expenses.

19. Employer-provided tuition and tax deductions for educational expenses both favor the individuals enrolled to upgrade occupational skills. These students, who make up approximately one quarter of the state's part-time and returning students depending on the program, are likely to have high levels of income and education. The G.I. Bill which has provided support to students with diverse educational goals is diminishing in impact.

Conclusions: As a result of these findings, the Coordinating Board staff has drawn the following conclusions:

Programs

1. Although all the public systems include service to part-time and returning students as part of their mission, the implementation of this function is largely the result of local decisions and priorities.

2. It will never be possible to make all instructional programs and support services accessible to all residents regardless of distances or scheduling factors. It will continue to be necessary to establish priorities at the state, system and campus levels.

Credits

3. There is a danger that, as competition for students increases the meaning of academic credits will be diluted.

4. As long as non-credit instruction is divorced from the instructional mission of the institution, its content and quality will remain a peripheral concern to faculty and academic administrators.

Coordination

5. Coordination of short-term non-degree programs, whether for credit or credit-free, must be flexible and locally-based so that institutions can respond quickly to changing interests.

6. When institutions alter the content of their instruction to attract non-degree-oriented students, they are most likely to be brought into competition with organizations outside post-secondary education. Effective coordination involves consultation with these organizations as well as other post-secondary institutions and systems.

Financing

7. Funding of instruction for part-time students has been less generous than funding for instruction which has grown out of programs for full-time students. Each system, however, is funded somewhat differently, and similar programs receive state funds in one type of institution and not in another.

8. Credit programs which receive small amounts of state funds limit their offerings to courses which attract large enrollments. Non-credit and adult vocational instruction, which are priced locally, are concentrated in popular offerings and offerings which serve high income constituencies.

Financial Aid

9. Financial aid eligibility and delivery systems were designed for single, full-time students, living a subsistence lifestyle. Broadening these programs to students with dependents and on-going financial commitments has been incremental and reflects a more difficult consensus on the nature of appropriate public subsidies.

Recommendations: The Coordinating Board was scheduled to consider recommendations based on the study at its December 1980 meeting.

I. REPORT ON LATINOS IN MINNESOTA POST-SECONDARY EDUCATION

Introduction: Concerns about the low level of participation and success of minority and disadvantaged students in Minnesota post-secondary education have been raised during the past several years.

In 1979 several bills relating to the needs of minority students were considered, including one to establish a special scholarship program for students of Spanish ancestry.[18] The legislature concluded that insufficient information was available to justify a new scholarship program. As a result, it directed the Coordinating Board to study conditions affecting participation of Hispanic-Chicano students and to conduct outreach efforts with the Latino community.[19] Specifically, the Board was instructed to employ one staff member to work with the Hispanic-Chicano communities in Minnesota, in cooperation with the Council for Spanish Speaking Affairs, in order to increase and enhance Latinos' participation in post-secondary education.

The mandate stipulated that Board activities should include but not be limited to: (1) increasing the knowledge of opportunities for post-secondary education; (2) exploring ways to facilitate more effective recruitment and admissions; (3) improving retention and success of the students; and (4) expediting access to financial and other assistance.

The Coordinating Board was directed to make recommendations designed to more effectively meet the needs of Hispanics in Minnesota and to report to the legislature by January 1981.

Preliminary Report on Latino Students
Prior to the legislative action, the Coordinating Board staff was reviewing the status of Hispanic/Chicano students. This review involved an examination of previous studies on Hispanic (or Latino) students, the collection of data, and interviews with individuals who are in direct contact with Hispanics and/or programs serving them.

In August 1979 a preliminary status report on Latino students was completed.[20] It included a summary of current activities and the identification of problem areas relating to Hispanic participation.

Some problems were encountered in conducting the preliminary review. In some instances the interviews revealed problems which could not be fully substantiated by available data; and due to the limited scope of the study, it was not feasible at the time to conduct more detailed examinations to corroborate problems identified. Nevertheless, the people interviewed were in positions to perceive problems and assess implications.

The preliminary work focused on four areas frequently identified by previous studies as problem areas for Hispanic students. They are: ***admissions***, focusing specifically on recruitment policies; ***access***, defined as the transition between secondary and post-secondary education; ***retention***, defined as the holding power (retention to completion) of post-secondary institutions; and ***awareness***, defined in terms of the attitudinal climate that exists in post-secondary institutions and institutional perception of Hispanic attitude and culture.

Among those interviewed, there was a recurring assertion that effective post-secondary recruitment is not being done in high schools with high Hispanic concentrations, nor are there enough trained personnel to work specifically with minorities. People interviewed claimed that admissions officers do not have the sensitivity required to successfully attract Hispanic students, while those associated with admissions offices claimed that their offices are understaffed.

Another concern regarding access was that high schools are not preparing all students well enough academically to survive in post-secondary education. Furthermore, interviewees contended that Hispanic students and other minorities are receiving neither academic preparation nor the encouragement and assistance to pursue post-secondary education. These concerns were mentioned most frequently by post-secondary counselors and directors of Latino/Chicano related programs.

Another barrier to entering post-secondary education was defined as financing one's education. It was asserted that Hispanics and other minorities need more financial aid than what is being offered in order to compensate for their low socio-economic status. For example, Hispanic students cannot always expect financial support from their families; in fact, they may have to work

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18*Definitions*
Hispanic — A person of Mexican, Puerto Rican, Cuban, Central American or other Spanish culture or origin, regardless of race.
Latino—Same as Hispanic.
Chicano—A person of Mexican or Mexican-American origin.

19*Minn. Laws 1979*, Chapter 35, Section 3, Subd. 19.

20Minnesota Higher Education Coordinating Board, *Preliminary Report on Latinos in Post-Secondary Education: A Status Report* (August 1979).

to help support their extended families. In addition, most of these students will need remedial help which will further prevent them from working and helping to support their education.

A problem encountered was that even though Hispanics are enrolling in post-secondary education in increasing numbers, they are not completing their programs of study. Reasons suggested were poor support services offered to Hispanics by non-Latino staff and the lack of Hispanic staff to serve as role models. Those interviewed also indicated a perceived lack of sensitivity on the part of post-secondary institutions to cultural and economic differences that Hispanics exhibit.

Experimental Outreach Project

Since the 1979 legislative action, several activities have taken place. In analyzing the interview data and concerns expressed, it was decided that the claims made by interviewees were symptomatic of a larger problem. Therefore, in determining objectives for this project it was decided that resources could be directed toward what is believed by Board staff to be a cause of poor participation and success: the lack of, or insufficient information concerning career planning and of post-secondary opportunities; and, expectations held by many Hispanic students of not pursuing post-secondary education. Efforts by Coordinating Board staff have concentrated on demonstrating supplemental means of reaching Hispanic students with post-secondary information, promoting cooperation between the secondary and post-secondary support personnel, and informing groups in the Hispanic community about opportunities, such as financial aid.

These objectives were implemented by training Hispanic students, in senior high school, to be peer counselors to provide information and services supplemental to the high school counselors' role.

A peer counselor approach was chosen for several reasons. This concept is not being used at the high school level in Minnesota, and it was considered to be a reasonable approach to supplement current services. Support for this approach was also forthcoming from the Spanish Speaking Affairs Council and selected community leaders. Most importantly, the literature indicates that peer influence is a substantial factor in determining Hispanic students' decisions about which type of post-secondary education to attend, or if in fact they will attend at all.[21]

The demonstration project was conducted at Humboldt Senior High School, St. Paul, during the 1979-80 school year and is being expanded to include Albert Lea High School during the 1980-81 school year. The students used as peer counselors were selected by Coordinating Board staff in conjunction with the high school counselors and trained by the project director and several representatives from surrounding post-secondary institutions. Humboldt and Albert Lea High Schools were chosen because they both have an active Hispanic community, high concentrations of Hispanic students, and school administrators who are willing to participate.

The first year peer counselor project at Humboldt was in effect January through March 1980, after which the effort was evaluated with the counselors and the students. The second year peer counselors project started in September 1980 and is to remain active through March 1981.

The student peer counselors received training in disseminating information, encouraging peers to pursue post-secondary education, providing assistance in completing necessary application forms and assisting in contacting relevant officers in post-secondary institutions.

The Issue: The goal of the project is to improve the participation and success of Latino students in Minnesota post-secondary education. Results from the study of conditions affecting Latino students and the outreach experiment may be applicable in efforts to more effectively meet the needs of all minority and disadvantaged students.

Summary of Findings and Conclusions: Based upon the limitations of one year's experience and a single site, certain observations can be made after discussing this project with the Humboldt counselors, working with a team of students, and most importantly, by being on-site.

1. Well-trained students are capable of performing tasks which free a counselor's time to perform more complex and time consuming tasks such as career counseling. These simple tasks range from helping students complete financial aid applications to arranging for college recruiters to visit the high school.

2. Latino students choose to ***listen*** to their peers as opposed to being obligated to listen to adults.

3. The team of peer counselors can devote time for follow-up of any activity initiated by a team member.

The majority of students' questions revolved around financial aid, cost of attending a certain post-secondary institution, and career opportunities available to them.

It is expected that more students and families will be reached during the second year, now in progress. One year's effort is not enough time to demonstrate totally the effectiveness of a project based on cooperation between a high school's

[21] Ronald W. Lopez, Darryl D. Enos, *Chicanos in Public Higher Education in California*, California State Legislature, Sacramento, Joint Committee on the Master Plan for Higher Education (December, 1972).

administration, counselors, students, and Coordinating Board staff. This project has attempted to build a base of support so that the concept of peer counseling may be continued at the school's initiative.

A report was submitted by the project director to the four Humboldt counselors. It included the results of a survey given to Hispanic students, a discussion of sensitive issues — such as handling cultural and ethnic differences — concerning Hispanics, and recommendations to help the counselors increase their effectiveness with Hispanics. The counselors reviewed the report and recommended that the project be continued in the 1980-81 school year with a few minor changes (mostly that the peer counselors be given more responsibilities).

A follow-up survey of the 1980 Humboldt Hispanic graduates is being conducted to determine to what extent they used the peer counselors, and most importantly to determine their rate of participation in post-secondary education. This follow-up survey was added to the peer counselors' responsibilities. The results were not available in time to include in this report but will be available for the 1981 legislative session.

In conclusion, the peer counseling experiment appears to have had positive results. They may be summarized as follows:

— 56 students were affected during the first year at Humboldt High School, with a possibility of reaching 70 at Albert Lea and 126 at Humboldt during the second year.

— Four counselors were directly involved the first year, plus advice and support was provided by the Minnesota Counselors Association. The same number of counselors is involved the second year.

— Approximately 11 community leaders have been involved regularly in advising and critiquing the project.

— Parents of approximately 196 students will have had the opportunity to participate by the end of the current project.

— The project appears to demonstrate that Coordinating Board staff can serve as a catalyst in experimental projects.

This outreach project required cooperation and acceptance by many groups and levels of school administration. It not only helped Hispanic students directly, but also let others, such as recruitment and admission officers, know that lack of Hispanic participation in post-secondary education is a serious problem.

Several community groups and agencies have been contacted for advice and cooperation regarding the peer counselor project, and the concept seems to be acceptable as a supplemental method of serving Hispanic students. As a companion to a ***peer*** counselor project, the staff of the Coordinating Board has been involved in a similar type of effort in Minneapolis. In this project, a task force has been formed and staff from participating local community agencies have been trained in the delivery of post-secondary information (i.e., career planning, financial aids, post-secondary institutions, etc.). The local agency personnel are responsible for providing additional resources and counseling to several minority or disadvantaged senior students and their families for the duration of a school year. The major objective is to assist minority students and their families through the post-secondary education decision process. An additional objective is to establish communication about post-secondary financial aid as an ongoing program in community based organizations and to provide additional resources to high schools about post-high school planning.

It is expected that by such activities, in which Coordinating Board staff are involved directly in training or educating non-traditional clientele (as opposed to limiting communication to high school counselors and financial aids office staff), more Hispanics and other minority students may be reached and affected positively.

Both the direct peer counseling project and the Minneapolis experiment are examples of using Coordinating Board staff as catalysts and facilitators in the development of new or revised approaches to the delivery of post-secondary information to students and families. The real measure of success in such efforts is whether more minority students choose to pursue post-secondary education and succeed in achieving their objectives. Thus, the yield of these investments may occur some years ahead. Nevertheless, the response of the minority communities and established counseling services has been sufficiently positive to encourage and support a perpetuation of this type of activity.

Status: The Coordinating Board is preparing a report for the 1981 Legislature on Latino students. The report will outline the current status of Hispanic students in post-secondary education, describe in more detail the experimental outreach activities conducted, and offer recommendations to improve or change current practices affecting Hispanics in the educational system.

The data provided will show that Hispanics have approximately doubled in number their participation in post-secondary education (see I.C. 5 of this report), but that little is known about their retention or successful completion of a program. Again, based on discussions with community leaders, and persons directly involved with

Hispanic students, and on sporadic studies, the retention of Hispanics is low. This observation is somewhat substantiated by data available of degrees conferred in Minnesota.

Recommendations: The Coordinating Board was scheduled to receive the report and consider the recommendations in late December or early January. The report and recommendations will be submitted to the 1981 Legislature in January.

J. CAREER INFORMATION: EVALUATION OF THE MINNESOTA OCCUPATIONAL INFORMATION SYSTEM

Introduction: Studies show that people are more successful in obtaining and keeping jobs if they have information about various work opportunities while they are deciding about and preparing for their career. Career choices affect both individuals and society. A career choice affects where a person lives, what others think of him or her, and how he or she uses leisure time. In societal terms, career choices profoundly affect manpower shortages and surpluses.

Research suggests that most people are not aware of the extensive range of occupational choices and do not know how to obtain information about alternative careers. Such a lack of information frequently contributes to failure in finding suitable employment. The failure of students to emphasize career planning may help explain the number of high school graduates and dropouts who drift from job to job or course to course in college, hoping that they will find something they like.

Minnesota has made a significant investment in the development and dissemination of career information. A major source of such information has been the Minnesota Occupational Information System (MOIS).

Minnesota developed its occupational information system after being one of eight states selected to receive a U.S. Department of Labor grant in 1975. The share of federal funds to support the system decreased each year of the grant period, and the federal support ended in December 1979.

The system provides information on 351 occupations and educational and training programs for students and adults who are exploring career choices for themselves, planning future employment, planning their education and considering entry or re-entry into the labor market.

Agency users include junior high schools, high schools, area vocational-technical institutes, community colleges, universities, private colleges, correctional institutions, social agencies, Comprehensive Employment and Training Act (CETA) agencies, vocational rehabilitation centers, employment services offices and others.

The Minnesota Educational Computing Consortium (MECC) provides computer delivery for MOIS.

In response to a request by former Governor Rudy Perpich, the Coordinating Board in September 1978 recommended that the system be continued until June 1981 and financed by a combination of direct and indirect state subsidies and user fees. The Board also recommended that the Department of Education assume administrative responsibilities and that an external evaluation of the system be conducted.

In October 1979 Governor Al Quie, by executive order, provided for transfer of the system to the Department of Education. It was renamed the Minnesota Career Information Service (MCIS).

The 1979 Minnesota Legislature appropriated $150,000 to fund the system for one year and asked the Coordinating Board to prepare an evaluation of the system for the 1980 Legislature.

The report was to deal with the following issues: present operations of the program, funding requirements, effectiveness, and demonstrated need for continuation of the program.[22]

The evaluation was conducted with the assistance of a consultant with expertise in computer-assisted information systems and the use of information on career counseling and decisionmaking. The evaluation process included consultation with all parties affected by the MCIS: the State Department of Education, the Minnesota Educational Computing Consortium, the Department of Economic Security, high school counselors, students and others who use the services of MCIS as well as many individuals who have been acquainted with the development and management of the MCIS since its inception in 1975.

The Issue: The issue addressed by the evaluation was the future of the Minnesota Career Information System. This question was examined in the context of the aspirations of students and adults as well as the availability of educational and career opportunities in Minnesota. The occupational system was viewed as part of a comprehensive effort to improve the quality of information available to policymakers, counselors and clients to improve the transition between education and work. Specific issues examined were the effectiveness of the MCIS, the need for its continuation and the sources of future funding.

[22] *Minn. Laws 1979*, Chapter 335, Section 3, Subdivision 15.

Summary of Findings and Conclusions: The evaluation concluded the following:

- MCIS provides quality occupational and career planning information for counseling, career development and career education. The quality of the MCIS data base is crucial to the effectiveness of the system. The accuracy, timeliness and relevance of the information must be preserved. Obsolete, inaccurate and inappropriate information could cause users to alter decisions in ways that are not appropriate, which could be worse than providing them with no information at all.

- The state is making a significant investment in the development and dissemination of career information and has the potential for achieving much greater benefits through more effective interagency cooperation. The potential of the Minnesota Career Information System should be evaluated in the context of interagency cooperation.

- The need for career information and evidence of client demand is well documented. There are 313 sites connected to MCIS in (1979) and 130,000 people use the system.

- Many of the elements for an effective and efficient statewide system for delivery of career information services in Minnesota either have been planned or are in operation. For a career information system to function properly, however, it must be linked to information about aptitude, school achievement, occupational and vocational interests, personal goals and accurate labor market supply and demand data.[23]

Recommendations: The Coordinating Board in January 1980 recommended that:

1. **The Minnesota Career Information System be assigned permanently to the State Department of Education;**

2. **The state should extend funding for the Minnesota Career Information System through June 1981, in the amount of the Fiscal Year 1980 budget plus inflationary adjustments, but that funding beyond that date be contingent upon the joint development of a state plan for career information;**

3. **Pending development of a state plan for career information, the State Department of Education should contract with the Minnesota Educational Computing Consortium for computer systems development to support MCIS;**

4. **The State Department of Education explore how to make the Minnesota Career Information System available through the Minnesota Educational Computing Consortium to all of its members as a regular part of MECC services;**

5. **Governor Quie direct the Higher Education Coordinating Board to convene the Commissioner of Education and the Commissioner of Economic Security to prepare a state plan for career information and appropriate budgets to assure implementation of the plan, that the plan be reviewed by the Governor's Council on Minnesota Career Information, and that the final report be submitted to the governor and legislature by September 1, 1980.[24]**

Rationale: The future potential of MCIS must be evaluated in the context of the aspirations of students and adults as well as the availability of educational and career opportunities in Minnesota. The state is making a significant investment in this area and has the potential of achieving an even more favorable balance of benefits and costs through interagency cooperation and further refinement of the existing system.

Status: The 1980 Legislature did not provide funding for the Minnesota Career Information Service beyond June 30, 1980. All staff for the program have been terminated. Arrangements have been made by the State Department of Education to make MCIS available to school districts and other users who have access to MECC with no special user fee for the 1980-81 school year.

The Department of Education intends to maintain the program in its current condition and to update regularly the information base. The department recognizes the need and demand for this service. Marketing services for the program have been assigned to the Minnesota Educational Computing Consortium.

23Robert A. Glover, Planned Change Associates, ***Evaluation of the Future Potential of the Minnesota Career Information Service: Report to the Higher Education Coordinating Board*** (December 1979)

24Minnesota Higher Education Coordinating Board, ***Minnesota Occupational Information System, Evaluation and Recommendations***: A Report to the Legislature (January 1980)

V

STATE POST— SECONDARY EDUCATION PROGRAMS ADMINISTERED BY THE COORDINATING BOARD

V. STATE POST-SECONDARY EDUCATION PROGRAMS ADMINISTERED BY THE COORDINATING BOARD

A. INTRODUCTION

The Coordinating Board is responsible for administering several statewide post-secondary education programs. The first state program assigned to the Board was the State Scholarship Program in 1967; two years later the State Grant-in-Aid Program was created and assigned to the Board. Since then, the legislature has established eight additional financial aid programs, and tuition reciprocity agreements have been initiated and maintained with four states. Also, several non-financial aid programs have been authorized and are managed by the Board. Most of these programs were established to meet the state's broad goals for post-secondary education — access, choice, diversity of opportunities, quality and efficiency. Each program fulfills a set of specific objectives. This section provides a summary of those objectives, authority for the program, background, status, recommendations for 1982-83 and the rationale for the proposals.

Besides administering state programs, the Board is responsible for managing several federal higher education programs in Minnesota. These programs are described in the appendices.

B. STUDENT FINANCIAL AID PROGRAMS

The Higher Education Coordinating Board administers 10 student financial aid programs which have been created during the past decade to promote access, choice and diversity of opportunities for Minnesota residents. These programs include four types—scholarship, grant, work-study and loan programs. They provide varying amounts of financial assistance for students with need. Combined with aid from federal, institutional and private sources, the programs provide a comprehensive package of assistance for post-secondary students in public and private institutions.

Approximately 65,000 students received $90 million in state financial assistance in Fiscal Year 1980 from these programs to assist in meeting their costs of attending post-secondary education. Of that total $37 million was appropriated by the Minnesota Legislature, and the remaining $53 million was financed by student loan revenue bonds.

The largest of the programs are the State Scholarship and Grant-in-Aid Programs, State Student Loan Program and Work-Study Program; they affect the broadest range and largest number of students. The remaining programs serve a more specific clientele. These programs include the Nursing Grant Program, Part-Time Student Grant Program, AVTI Tuition Subsidy Program, Veterans' Dependents Program, Medical and Osteopathy Loan Program and Foreign Student Program.

This section reviews the programs and the Board's budget and policy recommendations for each. The most dramatic changes proposed are the increased appropriation for the Minnesota Scholarship and Grant Programs paired with the reduced levels of spending in other programs.

More detailed information on the programs can be found in a status report presented to the Board in October 1980.[1]

1. Scholarship, Grant-In-Aid And Nursing Grant Programs

Objective of the Scholarship Program: To identify talented students in the state and provide financial assistance for those students who demonstrate financial need and wish to continue their education at institutions of their choice.

Objective of the Grant-in-Aid Program: To provide financial assistance for students with need and to encourage their post-secondary educational development at the institutions of their choice.

Statutory Authority for the Scholarship and Grant-in-Aid Programs: *Minn. Stat.* Sections 136A.09-136A.131 (1978, as amended 1979 supplement).

Objective of the Nursing Grant Program: To provide grants to financially needy undergraduate students enrolled in nursing and licensed practical nursing programs.

Statutory Authority for the Nursing Grant Program: *Minn. Stat.* Section 136A.133 (1978).

Background: The State Scholarship Program was authorized in 1967 and the Grant-in-Aid Program was authorized in 1969. The Nursing Grant Program was transferred to the Higher Education Coordinating Board from the State Board of Nursing during Fiscal Year 1978. These programs are the foundation of Minnesota's comprehensive financial aid effort and represent the highest priority of the Board's biennial budget request.

Changes in program characteristics together with increased funding have made the programs increasingly comprehensive. In 1970 less than $1 million was available for the programs, and fewer than 1,000 students were served. In Fiscal Year 1980, $23,700,000 was available and 32,532 students were offered awards. Of the amount available in 1980, 42 percent was designated for use in the Scholarship Program and 58 percent for the Grant-in-Aid and Nursing Grant Programs.

The most recent program changes were made by the 1979 Minnesota Legislature which expanded eligibility for initial grant-in-aid awards to third and fourth year applicants starting in Fiscal Year 1981 and raised the maximum scholarship and grant awards.

Students may apply to all three programs with the same application form. Awards from one program will exclude awards from either of the other two programs for that academic year. For this report no distinction has been made among these programs because of their uniform standards and

[1]Minnesota Higher Education Coordinating Board. ***Financial Aid in Minnesota: A Status Report As of June 30, 1980,*** (October 30, 1980).

administration. For program administration the distinction between scholarships and grants is maintained in order to provide priority funding to needy students with demonstrated scholastic abilities. Awards are made in the following order:

1. Renewal Scholarships
2. Renewal Grants and Nursing Grants
3. New Scholarships
4. New Grants and Nursing Grants

The award may not exceed one-half of the student's demonstrated need up to a maximum of $1,250 for Fiscal Year 1981 and $1,400 for Fiscal Year 1982. The award in combination with the Federal Basic Educational Opportunity Grant (BEOG) may not exceed 75 percent of the student's estimated financial need.

The policy relating the state awards to the federal BEOGs was recommended by the Coordinating Board in 1976 and adopted by the 1977 Legislature. It was intended to encourage all eligible students to take advantage of the grant funds to which they are entitled under the Basic Educational Opportunity Grant Program and to provide for a more equitable distribution of awards among the total student population with need. The Board position is that meeting the total need of some students through grants while meeting none of the need of other students is undesirable state policy.

The current state policy assumes that students and parents should meet 25 percent of the total cost of education through one of several means such as loans, institutional aid programs or jobs. The policy change also was intended to close the gap between available funds and the needs of eligible applicants. Making use of federal funds to which Minnesota students are entitled has meant a reduction in state expenditures in some years. These savings have permitted funds to be awarded to all applicants with financial need who apply by the deadlines. Prior to the 1977 policy change, some applicants with low need did not receive awards because funds were exhausted before they could be served.

Any undergraduate student who has not received a baccalaureate degree may apply for and receive up to a total of eight semesters or twelve quarters of awards.

To assure that all potential applicants receive information about these programs and have an equitable opportunity to apply regardless of residence, school of attendance, or family status, the Board (1) mails applications and information to all high school seniors who participated in the Post-High School Planning Program as juniors; (2) conducts workshops for high school counselors in the fall of each year; (3) publishes and distributes to all high schools an annual publication, ***Focus on Financial Aid***, which provides a description of state and federal financial aid programs, and (4) provides information about the programs through the media.

All monetary award recipients are selected solely on the basis of financial need. Financial need is determined by a standard formula that takes into account parental and student income and net worth. Scholarship recipients also must demonstrate academic achievement by their high school rank. Applicants who show academic achievement but do not demonstrate need receive an honorary scholarship. Nursing Grant recipients must be enrolled in programs leading to licensure as registered nurses or licensed practical nurses. Each recipient must remain enrolled full-time in an eligible institution, remain in good-standing, and continue to have financial need. The amount of the award may vary from year to year to reflect changes in the student's financial need.

Students may attend more than 160 eligible public and private institutions. These include the state universities, University of Minnesota, community colleges, public area vocational-technical institutes, schools of nursing and related health professions.

TABLE 20

OVERVIEW OF STATE SCHOLARSHIP AND GRANT PROGRAMS FISCAL YEARS 1979 AND 1980 AND PROJECTIONS FOR 1981-1983

	Fiscal Year				
	1979	1980	Projected 1981	Projected 1982	Projected 1983
Appropriations (in millions)					
Carryover	Cancelled	0	5.3	0	3.7
Federal SSIG*	1.5	1.5	1.5	1.5	1.5
State	25.8	22.2	26.8	35.8	36.4
Total	27.3	23.7	33.6	37.3	41.6
Awards	22.2	20.6	31.8	37.3	41.6
Refunds	(2.7)	(2.2)	(3.2)	(3.7)	(4.2)
Net Awards	19.5	18.4	28.6	33.6	37.4
Turnback/carryover	7.8	5.3	5.0	3.7	4.2
No. of Applications					
Student Pool	161,615	163,516	165,967	166,647	166,842
Submitted	51,248	57,503	66,387	70,825	75,079
% to Pool	31.7%	35.2%	40.0%	42.5%	45.0%
Denied:					
No Need	(6,163)	(10,317)			
Honorary No Need	(3,739)	(5,744)			
Not Considered	(8,597)	(8,910)			
Lack of Funds	(0)	(0)			
Subtotal	18,499	24,971	23,368		
Awards Offered	32,749	32,532	43,019	46,674	50,303
% to Pool	20.3%	19.9%	25.9%		
% of Applicants	63.9%	56.6%	64.8%	66.0%	67.0%
Awards Not Accepted	4,553	4,499			
Awards Accepted	28,196	28,033			
% to Pool	17.4%	17.1%			
% of Applicants	55.0%	48.8%			
% of offered	86.1%	86.2%			
Average Award Size	678	633	740	$800	$826

*Federal State Student Incentive Grant Program

private colleges and proprietary institutions in Minnesota.

Status: Table 20 displays the budgeted and expended amounts for Fiscal Years 1979 and 1980, estimated amounts for Fiscal Year 1981 and projections for 1982 and 1983. Despite earlier estimates that the rate of increase in applications would level off during the 1980-81 biennium, the volume has increased at a constant rate. It now appears that increasing numbers of families perceive themselves to be in need of assistance due to rising college costs and other inflationary effects. An additional factor is the inclusion of initial applications from juniors and seniors which will make the programs accessible to a new pool of students in Fiscal Year 1981.

The typical recipient of a State Scholarship and Grant award in Fiscal Year 1980 was female, age 19, single, a freshman living off campus, dependent, from a family with an income level of $16,000 and a recipient of a BEOG award of approximately $950.

Table 21 displays the state awards for Fiscal Years 1979 and 1980 as well as the combined state awards and federal BEOG awards for the same years by educational system. The significant points revealed by this table are:

1. All systems with the exception of the four-year private institutions experienced declines in average state awards per student over the two years.

2. All systems experienced increased average combined awards (State Scholarship and Grants and Federal BEOG). As mentioned earlier, total combined awards may not exceed 75 percent of need. Therefore, as federal BEOG

TABLE 21

STATE SCHOLARSHIP AND GRANT AWARDS AND COMBINED STATE AND BEOG AWARDS BY EDUCATIONAL SYSTEM FISCAL YEARS 1979 AND 1980

	State Award					
	Fiscal 79			Fiscal 80		
System Distribution	Students	$ Amount	Avg $	Students	$ Amount	Avg $
All Students						
U of M	6,510	4,394,655	675	6,982	3,865,366	553
State U	6,966	3,782,160	542	6,541	2,596,352	396
Cmty College	3,119	1,446,152	463	2,205	773,899	350
AVTI	5,041	2,184,540	433	4,222	1,484,370	351
Priv 4-Year	9,316	8,980,295	963	10,666	10,444,596	979
Priv 2-Year	1,797	1,431,482	796	1,916	1,431,979	747
TOTAL	32,749	22,219,284	678	32,532	20,596,562	633

	Combined State & BEOG					
	Fiscal 79			Fiscal 80		
	Students	$ Amount	Avg $	Students	$ Amount	Avg $
All Students						
U of M	6,510	7,626,195	1,171	6,982	9,657,856	1,383
State U	6,966	7,435,446	1,067	6,541	8,183,610	1,251
Cmty College	3,119	2,928,310	938	2,205	2,544,509	1,153
AVTI	5,041	5,134,144	1 018	4,222	4,889,387	1,158
Priv 4-Year	9,316	12,448,085	1,336	10,666	17,514,359	1,647
Priv 2-Year	1,797	2,381,130	1,325	1,916	3,046,687	1,590
TOTAL	32,749	37,953,310	1,158	32,532	45,836,408	1,408

awards increase and meet ever larger percentages of need, the State Scholarship and Grant awards are reduced or eliminated.

An estimated $53.4 million in BEOG funds was disbursed to students attending Minnesota institutions in 1980, up 60 percent from $32.9 million in 1979. Of that total approximately half, or $25.2 million, was disbursed to students who also received a Minnesota State Scholarship or Grant. This significant increase in federal funds was due to the passage of the Middle Income Assistance Act in fall of 1978 which raised the eligibility cutoff from a family income of $15,000 to a family income of $25,000. Fiscal Year 1980 was the first year in which the impact of the act was felt by the Minnesota Scholarship and Grant Programs. Maximum BEOG awards also increased to $1,800 in 1980 from $1,600 in 1979.

The impact of significant increases in the BEOG awards between years is apparent in lower average state awards but higher average combined awards over the two-year period. Total state and federal dollars are distributed fairly evenly among all income levels from $0 to $25,000, the largest single category being the $15,000-$20,000 income group. Approximately two thirds of Minnesota funds are awarded to students from families with incomes at or below the estimated median family income of $20,300.[2]

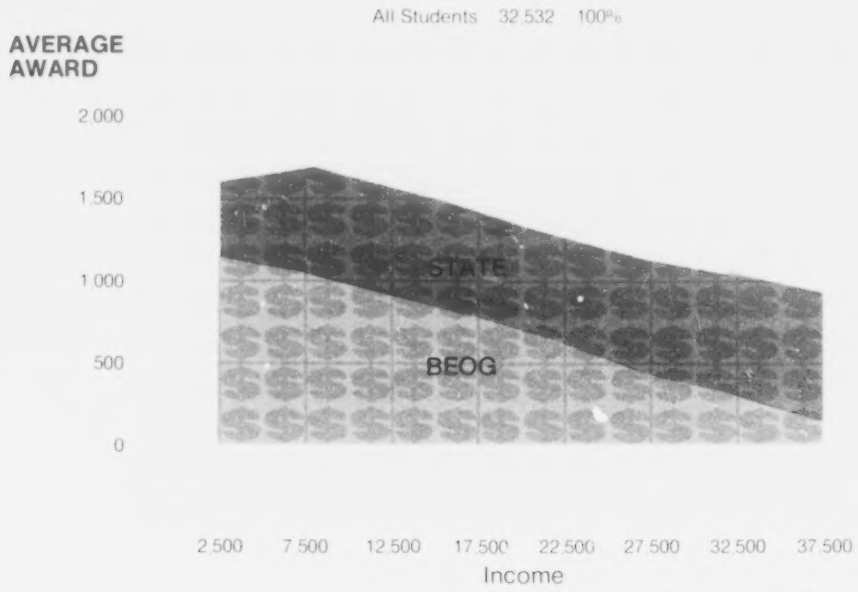
Figure 12 displays the interaction of average state and federal BEOG awards by income level. Significant points are:

1. Total state and federal awards decrease as incomes rise.
2. The federal program meets a larger percentage of need at the lower income levels, while the State Scholarship and Grant Programs provide this service at the higher income levels.
3. Average state awards tend to increase as income levels increase. Conversely, federal awards decrease as income levels increase.

[2]Source: State Planning Agency and Department of Commerce.

FIGURE 12

INTERACTION OF AVERAGE STATE SCHOLARSHIP AND GRANT AWARDS AND FEDERAL BEOG AWARDS BY INCOME LEVEL, FISCAL YEAR 1980



Source: Minnesota Higher Education Coordinating Board

The appropriations made by the 1979 Legislature for the first half of the 1980-81 biennium were intended to fully fund these programs within the federal guidelines for determining the cost of education. Prior to the Fiscal Year 1981 award cycle, the Coordinating Board approved revisions in components of the formula used to estimate financial need for the program. Changes were made because inflation and changes in the BEOG Program had eroded the reasonableness of the formula established in 1975. The revisions attempted to accomplish the objectives of greater realism, equity and simplicity and to do so in a way that can adjust to limitations in funding.

Under the formula, financial need is estimated by subtracting the amount that students and parents are expected to contribute toward the student's education from the total cost of education. The cost of education includes tuition and mandatory fees, a living allowance and miscellaneous expenses. A comparison of the formula's components for the 1979-80 and 1980-81 school year appears in Table 22. A detailed description of the formula revisions can be found in the staff technical paper.[3]

The adjustments recognized increases in off-campus living costs, and thus increased the number of students eligible for awards. A summer savings expectation from the student was established, and program administration at both the state and institutional level was simplified.

The Coordinating Board attempted to determine realistic costs of education for Fiscal Year 1981 for all students. Staff estimates indicated that these adjustments would overspend the available funds. It was decided that a uniform percentage reduction in the realistic cost of education should be imposed to ensure the broadest distribution of funds among needy Minnesota students.

In the past, 100 percent of the calculated cost of education was used in the need formula. For the 1980-81 school year, however, the percentage adopted by the Board was 85 percent. The reduction was necessary to stay within the appropriation from the 1979 Legislature. In both years, all applicants who demonstrated need under the formula in force received awards.

Recommendations: The Board is committed to meeting the objectives of these priority programs. Therefore, it recommends the following:

1. **That in order to provide adequate funding for eligible applicants with need, the 1981 Legislature appropriate $35,800,000 for Fiscal Year 1982 and $36,400,000 for Fiscal Year 1983.**

   Funds which are unexpended on June 30, 1982 should be carried over into Fiscal Year 1983.

[3]Minnesota Higher Education Coordinating Board. *Revision of the Need Formula for the Minnesota State Scholarship and Grant Programs: Staff Technical Paper* (March 1980).

TABLE 22

COMPONENTS OF NEED FORMULA FOR OFF-CAMPUS AND ON-CAMPUS STUDENTS UNDER OLD AND REVISED METHODS, MINNESOTA SCHOLARSHIP AND GRANT PROGRAMS 1979-80 AND 1980-81

Component	1979-80 Off-Campus	1979-80 On-Campus	1980-81 Off-Campus	1980-81 On-Campus
Cost of Education:				
Tuition and Fees	Actual	Actual	Actual	Actual
Living Allowance	$1,100	Actual	$1,750	$1,750
Misc. Allowance	$ 400	$ 400	$1,000	$1,000
% Recognized	100%	100%	85%	85%
Parental Contribution	ACT calc.	ACT calc.	ACT calc.	ACT calc.
Student Contribution:				
From Academic Year Earnings	ACT calc.[a]	ACT calc.[a]	ACT calc.[a]	ACT calc.[a]
From Summer Earnings	$0[b]	$0[b]	$ 700	$ 700
From Savings/Assets	ACT calc.	ACT calc.	ACT calc.	ACT calc.

Note: ACT calc. represents the results of Uniform Methodology calculation performed by the American College Testing program.

[a]for independent students only; exempted for dependent students.

[b]for dependent students only; summer earnings have been combined with academic year earnings and subject to the ACT needs analysis for independent students.

2. **That the Board staff continue to explore reasonable means of simplifying the application process and of achieving additional flexibility in the application deadlines.**

3. **That the governor and legislature continue to support the Board's project to develop a revised data processing system to serve these programs and the other financial aid programs.**

Rationale: The recommended appropriations represent an increase of $7,580,000 for Fiscal Year 1982 over the 1981 adjusted base figure and $8,180,000 for 1983 over the adjusted Fiscal Year 1981 base figure.[4] The intent is to fund all eligible applicants in accordance with their need. The increase is prompted by anticipated tuition increases, the increase in maximum award to $1,400 and increases in the ratio of program applicants to the student pool. These three factors will result in an increase in the number of awards as shown on Table 20, and an increase in the average size of awards.

The Board believes that viewed in the context of increased federal constraints, inflation and a recession, the state financial assistance programs become more important to assuring access to post-secondary education regardless of the student's financial condition. Further, the Board believes that the request should be considered in the context of the total state investment in post-secondary education. Now, less than five percent of all funding for post-secondary education is provided for direct student financial assistance while the rest is allocated to direct institutional support. The Board recommends that the state consider increasing the percentage of its investment that directly aids students.

For several years the priority deadline for the programs has been March 1 or 2. No applications are accepted after July 15. The Board, as part of its long-range planning for financial aid, is seeking to develop a more flexible deadline in order to better serve those students who make decisions to enroll after these deadlines.

The 1980 Legislature provided support to help fund the development of a new data processing system for the financial aid programs. The new system is intended to provide for more efficient administration of the aid programs.

If support for state scholarship and grants is reduced due to fiscal constraints or other factors, students and families in Minnesota will be affected adversely. An increased burden will be placed on students of low and middle income families, thus limiting their access to high cost public and private institutions which they may choose to attend. A reduction in support for the programs will mean increased reliance on federal financial aid appropriations which are expected to be tight.

[4]Under Department of Finance guidelines, the adjusted base figure includes full funding of all personnel positions, allowable inflation increases and increases mandated by current legislation.

2. Part-Time Student Grant Program

Objective: To provide grant assistance to students enrolled less than full time and ineligible to receive other state or federal grant assistance.

Statutory Authority: *Minn. Stat.* Section 136A.132 (1978)

Background: The Part-Time Student Grant Program was enacted in 1977 to assist the growing number of part-time students in Minnesota. The program provides financial aid in the form of a grant-in-aid to financially needy students attending eligible institutions less than full time and pursuing programs or courses of study leading to degrees, diplomas or certificates. Students receiving other state or federal grants or tuition and fee payments from other sources are not eligible. The amount of an award, based on the applicant's need, cannot exceed the cost of resident tuition and required fees up to a maximum equivalent to tuition and fees for a comparable program at the University of Minnesota. Grants are awarded for a single term and are not renewable, but the recipient of an award may apply for additional awards for subsequent terms. Funds for the program are allocated by the Board to post-secondary institutions wishing to participate in the program. All schools eligible for the State Grant-in-Aid Program may participate. Allocations are based on a formula using the number of part-time students enrolled at each participating school.

Status: In Fiscal Year 1980, approximately 62,600 students were enrolled on a part-time basis in Minnesota post-secondary institutions. Of that number, 1,448, or 2.3 percent, participated in this program, up from 2 percent in the prior year. In Fiscal Year 1980, 46 institutions of the approximately 160 eligible schools participated. The average award in Fiscal Year 1980 was $167 compared with $170 in Fiscal Year 1979.

The typical participant in this program is female, 29-years old, employed either full or part time and resides in the Twin Cities area; she is single, self-supporting and has a gross annual income of $6,500. She is a freshman at the University of Minnesota and is taking six credit hours per year.

Recommendation: The Board recommends that the 1981 Legislature continue to appropriate $375,000 for each year of the 1982-83 biennium.

Rationale: This program is in its early stages. Therefore, funding is requested to continue at the current level. Through its long-range planning for financial aid and its study of part-time and returning students, the Board is assessing the needs of part-time students for financial assistance. These activities should provide a basis for further recommendations.

3. AVTI Tuition Subsidy Program

Objective: To provide grant assistance to eligible students who are enrolled in area vocational-technical institutes and who have not been awarded state scholarships or grants-in-aid.

Statutory Authority: *Minn. Stat.* Section 136A.236 (1978, as amended 1979 Supplement)

Background: The program was authorized by the 1977 Legislature in conjunction with the decision to institute a tuition charge of $2 per day for AVTI students under 21, effective July 1, 1978.

This program provides emergency supplemental aid in the form of tuition subsidies to financially needy students enrolled in AVTI programs. Students who apply too late to be considered for the State Scholarship and Grant Programs are eligible to receive an award based on need, not to exceed 75 percent of the cost of tuition. Tuition subsidies are awarded for the length of the academic program, up to one year, and are not automatically renewable; however, the recipients may apply for additional awards for subsequent periods or years.

The 1977 Legislature appropriated $3.6 million for Fiscal Year 1979, the first year of the program. The 1979 Legislature reduced this appropriation level to $1,792,500 for each year of the 1980-81 biennium and eliminated the requirement limiting eligibility to students under 21.

Status: In Fiscal Year 1980, approximately 26,600 students were enrolled in Minnesota's 33 AVTIs. Of that number, 7,342, or 28 percent, participated in this program. This represented an increase of 94 percent over the 3,727 participants in Fiscal Year 1979. The average award increased from $217 in Fiscal Year 1979 to $227 in Fiscal Year 1980. Total spending rose from $810,714 in 1979 to $1,667,900 in 1980. The primary reasons for these increases were the following:

1. The program was opened to students over 21 years of age.
2. A general maturation of the program was characterized by greater awareness of its existence on the AVTI campuses.
3. Lack of comparability in the cost of education estimates used in the Scholarship and Grant Programs and the AVTI Tuition Subsidy Program resulted in many students being eligible for AVTI awards but not for scholarship and grant awards. Likewise, some students were authorized for larger awards from the AVTI Program than from the Scholarship and Grant Programs and chose to reject the latter.

In Fiscal Year 1980 the rules governing this program were changed to (a) eliminate the use of campus based budgets and substitute the standard budget used in the Scholarship and Grant Programs, (b) eliminate the practice of students choosing between this program and the Scholarship and Grant Programs, and (c) clarify the intent of the program. These changes become effective in Fiscal Year 1981.

The typical recipient of a tuition subsidy award is 21.5 years-old, dependent and comes from a family of 3-4 members, with an income of $11,300. This student has received a BEOG award averaging $771 and is enrolled in a program averaging 6.6 months in length.

Recommendation: The Board recommends (1) that the funding level be reduced from $1,792,500 in Fiscal Year 1981 to $1,000,000 in each year of the 1982-83 biennium; and (2) that this program be phased out effective June 30, 1983.

Rationale: The AVTI Tuition Subsidy Program and the Minnesota State Scholarship and Grant Programs will both base awards on a standard cost of education estimate which is higher than the 1980 estimate. This will result in a larger number of awards, as well as higher average award amounts, in the Scholarship and Grant Programs which should lead to lower use of the AVTI Program during the next biennium.

Current recipients of awards in this program are eligible for all other forms of federal and state student financial aid available to students in all other systems.

The 1983 date to end the program was selected because the Board is giving consideration to changing the deadlines for the State Scholarship and Grant Programs to attempt to accommodate special needs in all systems. Thus, AVTI students who apply for subsidies after the current Scholarship and Grant Programs' deadlines will have access to these programs under revised conditions.

4. Veterans' Dependents Student Assistance Program

Objective: To pay the tuition and fees for Minnesota post-secondary students who are dependents of veterans declared prisoners of war or missing in action after August 1, 1958.

Statutory Authority: *Minn. Stat.* Section 197.09 (1978)

Background: The Veterans' Dependents Student Assistance Program pays tuition and fees for students enrolled in any post-secondary educational institution in Minnesota if they are dependents of Minnesota veterans who, while serving in the United States Armed Forces, were declared prisoners of war or missing in action after August 1, 1958. The annual stipend cannot exceed the maximum amount of tuition and fees charged at the University of Minnesota, Twin Cities campus. In Fiscal Year 1981, this amount is $1,200.

Status: One student has received assistance for a total expenditure of under $2,000.

Recommendation: The Board recommends that the 1981 Legislature continue to appropriate $1,200 per year for Fiscal Year 1982 and Fiscal Year 1983.

Rationale: Since the program is seldom used, funding is requested for only one potential student each year.

5. State Work-Study Program

Objective: To assist students in meeting their financial needs; to provide students with valuable work experiences; and to provide nonprofit service agencies, handicapped persons, and persons over 65, with student assistance at low cost.

Statutory Authority: *Minn. Stat.* Sections 136A.233-136A.235 (1978)

Background: The State Work Study Program was created by the 1975 Legislature to supplement the Federal Work-Study Program. The program provides opportunities to undergraduate post-secondary students enrolled in public and private colleges and vocational schools in Minnesota so that those students may be financially able to attend Minnesota institutions of their choice.

Student earnings may range from $100 to $2,500 per year depending on the number of hours worked and the hourly rates. Federal and state minimum wage laws apply. Eligibility for participation is determined by using standard "need analysis" criteria with the intent to target this program toward students from middle income families. This program differs from the Federal Work-Study Program in that the federal program, by employing a stricter "need analysis" criteria, targets its funds toward students from lower income families. Institutions are required to make reasonable efforts to place work-study students in employment with eligible employers outside the institution. Eligible employers other than post-secondary institutions include (a) non-profit, non-sectarian organizations, (b) handicapped persons or (c) persons over 65 who employ a student to provide personal services in or about their homes. In Fiscal Year 1979 approximately 40 percent of the funds used were for these types of off campus positions.

Funding levels for Fiscal Years 1980 and 1981 were $2.6 million and $3.6 million.

Status: Work-Study appropriations for the current biennium are being fully used. The utilization rate for Fiscal Year 1980 was 96 percent, and in 1981 it

is estimated to be the same or greater. In Fiscal Year 1980, approximately 5,300 students at 96 institutions participated in the program. Average earnings were $436. In Fiscal Year 1981 approximately 6,500 students are expected to participate with earnings averaging $550. The Board's Financial Aid Advisory Committee, which consists of representatives from the various post-secondary systems, reports a continuing increase in the number of students and institutions wishing to participate in the program.

The typical participant in the program is female, 20 years old, single and dependent upon her parents for support. Her permanent home is in the Twin Cities metropolitan area, and she is an underclassman studying liberal arts at a private four-year institution.

Recommendation: In order to respond to the increases mandated by state and federal minimum wage laws, the Board recommends that the 1981 Legislature appropriate $3,892,000 to the program in Fiscal Year 1982 and $4,067,000 for Fiscal Year 1983.

Rationale: The recommendation is to maintain the current program and cover increases in minimum wage rates only. The state minimum wage will increase from $3.10 in Fiscal Year 1981 to $3.35 in 1982 and $3.50 in 1983. The federal rate will rise from $3.35 in Fiscal Year 1981 to $3.50 in 1982 and $3.70 in 1983. If the appropriation is provided, the state will continue to serve approximately 6,500 students per year. Average earnings, however, would increase to about $595 in Fiscal Year 1982 and $620 in 1983.

6. Minnesota State Student Loan Program

Objective: To improve access and choice of post-secondary education for Minnesota students by providing loans to assist them in paying for the costs of education.

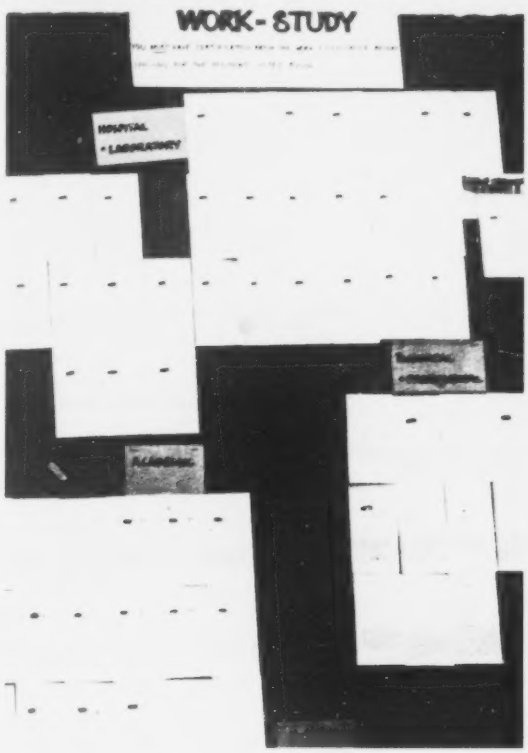
Statutory Authority: *Minn. Stat.* Sections 136A.14-136A.142, 136A.15-136A.161, 136A.17-136A.179 (1978, as amended 1979 Supplement) and *Minn. Laws 1980,* Chapter 537.

Background: The 1973 Minnesota Legislature authorized the Higher Education Coordinating Board to establish and administer the State Student Loan Program as a lending institution under the Federal Guaranteed Loan Program.[5]

The program serves as a lender of second resort. It provides assistance to students who need loans to pay educational costs but who lack access to necessary funds through private lending institutions. The program is financed through the sale of tax exempt revenue bonds and requires no appropriated

[5]The Guaranteed Student Loan Program was created by Title IV of the Higher Education Act of 1965.

WORK STUDY



funds. The most recent bond issue sold $55 million in revenue bonds in June 1980. It was preceded by a $100 million bond sale in August 1979. This was the largest such issue ever sold in the country.

In connection with the 1979 bond sale, the Board signed a $200 million commitment agreement with the Student Loan Marketing Association (Sallie Mae), the U.S. chartered private corporation that provides secondary market services to banks, educational institutions and other lenders in the Guaranteed Student Loan Program in a way that will expand funds available for loans. The purpose of the commitment agreement is to provide the Board greater flexibility in program operations and additional security toward payment of outstanding bonds.

Since inception the Minnesota State Student Loan Program has been financed by $314,850,000 in revenue and refunding bonds; of that amount, $193,250,000 is currently outstanding. Interest rates on these bonds have ranged from a low of 4.2 percent to a high of 6.9 percent with the current average rate on outstanding debt at 6.4 percent.

The return on student loan investments has been

sufficient to meet the costs of administration and debt servicing. For each student loan, the program receives 7 percent interest and, in addition, a special allowance paid by the federal government. This special allowance varies quarterly and is tied directly to the bond equivalent rate for 91-Day Treasury Bills auctioned during the quarter. In addition to providing the special allowance, the federal government pays the interest while borrowers are in school and for nine months thereafter. This payment is known as the interest subsidy, or interest benefits.

Students may apply to the loan program regardless of personal or family incomes. Under the Middle Income Student Assistance Act of 1978, all students became eligible for federal interest benefits regardless of family income.

The state loan program serves students enrolled in Minnesota post-secondary institutions and Minnesota residents enrolled in eligible post-secondary institutions in other states. Undergraduate, vocational, graduate and professional students are all eligible to apply to the program. Undergraduate and vocational students may borrow up to $2,500 per academic year and $7,500 in total; graduate and professional students may borrow up to $5,000 per year and $15,000 in total. All applicants must be enrolled on at least a half time basis in a program leading to a degree or certificate. More than 900 schools both in Minnesota and out of state have signed agreements to originate loans through the Minnesota State Student Loan Program.

Loans made under the state program or by private lenders in Minnesota are guaranteed 100 percent by the Higher Education Assistance Foundation, a non-profit corporation which was created to insure loans made (in Minnesota) against default. The Foundation's guarantee is reinsured by the federal government from a maximum of 100 percent to a minimum of 80 percent based on annual default experience.

The Higher Education Amendments of 1980, signed by President Carter in October 1980, make several changes in the Guaranteed Student Loan Program which will be effective in January 1981. The law continues to limit loans to dependent students to $2,500 per year but raises the cumulative loan limit to $12,500. The ceiling on loans to independent students is raised to $3,000 annually and to $15,000 cumulatively. Loans to graduate students are limited to $5,000 per year, and the cumulative ceiling is $25,000. The law increases the interest rate for new borrowers from 7 percent to 9 percent. It requires that the interest rate drop to 8 percent if the interest paid on U.S. Treasury Bills drops below 9 percent. The law requires new borrowers to begin repayment six months after leaving college. A new program of guaranteed loans is established for parents of dependent students. Several other aspects of the programs will be affected by the new law, and the Board staff is analyzing these implications.

Status: Since the authorization of the state program in 1973, the Coordinating Board's policy has been to encourage as much private lending participation as feasible with the understanding that general economic conditions and regional needs will cause frequent shifts in private participation.

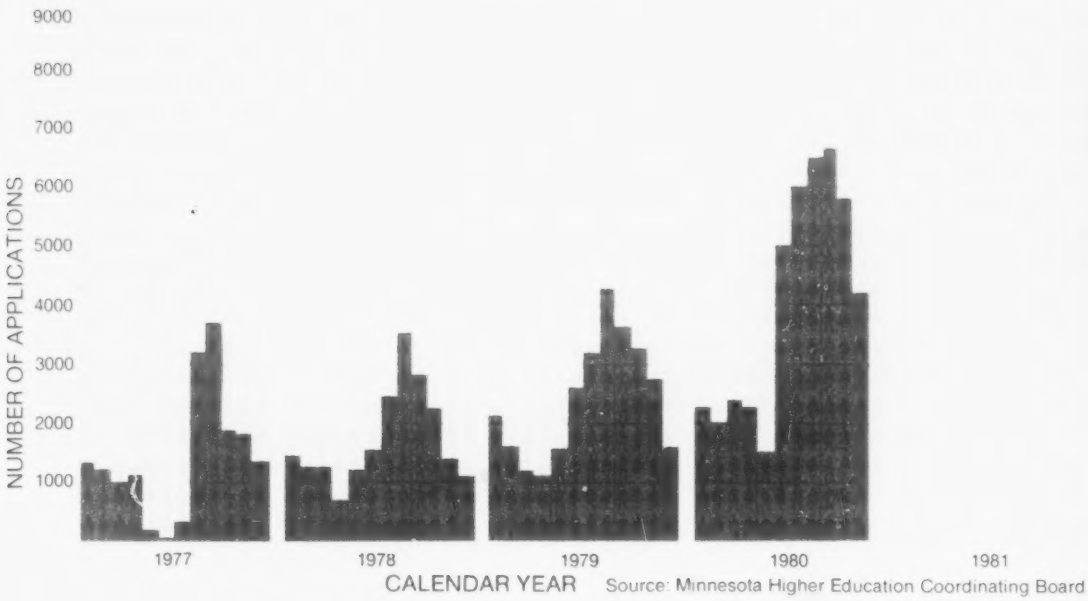
The Coordinating Board has been the major source of funding in Minnesota for student applicants, providing more loans than all private lenders in the state combined. The Board provided 60 percent of the loan funds in academic year 1978-79, but this percent fell to 51 percent in academic year 1979-80. The decrease was due to (a) increased marketing efforts by the Higher Education Assistance Foundation, and (b) a significant increase in interest rates in 1979-80 which made these types of loans more attractive for financial institutions with relatively large and stable sources of low cost funds, i.e., savings and loans, credit unions, and medium sized commercial banks. The number of private institutions participating in the program on June 30, 1979 was 496. By June 30, 1980 the number had increased to 518.

The number of students applying to the program continued to grow in Fiscal Year 1980 both in the private sector and at the Coordinating Board. The estimated size of the student pool eligible for student loans remained relatively stable over the two-year period. Fiscal Years 1979-1980, however, the ratio of student borrowers to that pool increased significantly.

In Fiscal Year 1979 approximately 187,000 post-secondary students were eligible to receive student

FIGURE 13
NUMBER OF APPLICATIONS TO STATE STUDENT LOAN PROGRAM,

1977-1980



Source: Minnesota Higher Education Coordinating Board

loans. Of that number 39,000, or 21 percent, were participating in the program through state and private institutions. By Fiscal Year 1980 the number of participants had grown to 54,000, or 28 percent of eligible students. Figure 13 illustrates the growth in loan applications.

The number of new loans by the Coordinating Board increased from 21,700 with a dollar value of $38.5 million in Fiscal Year 1979 to 28,856 with a value of $51.5 million in Fiscal Year 1980. The average loan size increased from $1,775 to $1,786 over the same period. The largest increase in usage occurred in the University of Minnesota system. Average loans are larger in the University of Minnesota system due to the participation of graduate students.

The number of applicants to the Coordinating Board for the 1980-81 academic year increased dramatically, 70 percent, during May, June, July and August of 1980, over the same period in 1979. The average loan value was $2,225, an increase of $440 over the average loan made in Fiscal 1980. The sharp rise in volume appears to result from inflation and the recent removal of all income restrictions. Program projections based on past volume indicate that the state will loan about $98 million in Fiscal Year 1981 and $128 million in Fiscal Year 1982.

Interest and special allowance provided the program with an average annual gross return to 15.2 percent in Fiscal Year 1980. Debt service on the revenue and refunding bond obligations averaged 6.4 percent, and administrative costs were approximately 2.4 percent of average outstanding loans during the same period. The Board has been able to reinvest the remaining portion of its income in additional loans, thus enhancing the program viability. Since the program began in 1974, the amount of net income reinvested in student loans through Fiscal Year 1980 was approximately $6 million.

Current state statutes restrict the bond issues of the Board to a maximum of $300 million at any one time, excluding refunding bonds. The 1979 Legislature raised the bond ceiling from $125 million to $200 million, and the 1980 Legislature increased the bonding authority to $300 million. The $193,250,000 in student loan bonds outstanding plus the outstanding bonds of the State Medical and Osteopathy Loan Program, $3,420,000, encumber approximately 65 percent of the bonding authority as of June 30, 1980. It is estimated that all available funds for student loans will be expended by March 1981, and thus a bond sale of $80 million is projected for January 1981.

Due to the significant increase in volume experienced in the fiscal year ending June 30, 1980 and the high volume occurring in the first 3½ months of Fiscal 1981. The Board expects to reach its current ceiling in a bond sale projected for June 1981.

Recommendations: In order to continue to provide assistance to students in need of loans to attend post-secondary institutions, the Board recommends the following.

1. **That the program be retained under current policy and financing guidelines.**

2. **That the statutory bonding limit be increased to $550 million.**

3. **That the 1981 Legislature grant the Board statutory authorization to allow for the making of loans to parents of students under guarantees offered by the federal government.**

Rationale: No state appropriations are required for this program. Although loan financing represents zero percentage of state appropriations, it is important because it is a critical component of how students and families finance their education.

An increase in bond authorization is requested to ensure that funds will be available for obligations in the fall of 1981. Given the timing of the legislative session and the volatile characteristics of the economy, the Board recommends that the request incorporate estimated needs through the start of the 1983 Legislature. Board staff and fiscal advisers have projected the anticipated needs for revenue bonds through January 1983 and believe an additional $250 million in the authorized ceiling will accommodate the needs.

Among the changes incorporated in the federal Higher Education Amendments of 1980 is the establishment of a guaranteed loan program for parents to work in conjunction with student loan programs. While the Board is not prepared to recommend immediate implementation of a parent loan option in its program, it appears advisable to have standby authority in case the demonstrated need should arise, and the Board would consider it necessary to add the option.

Long Range Policy Planning: The loan program has experienced rapid growth in a short time and promises to become more significant during the 1980s. This growth has raised several important policy issues. They include the following.

- Are loans an appropriate way to ensure access to post-secondary education?
- What is the desirable mix of work, loans and grants?
- To what extent should students be required to borrow against future earnings?
- Should special policies enable parents to borrow against their future earnings?
- What is the effect of the overall debt burden on society?
- What are the long term fiscal implications of the program for state government, the federal government and the private sector?
- What effect does the program have on post-secondary education prices and on the overall financing of higher education?
- What alternatives are available to the present approach and what are their implications?
- Where is the program headed in the next 5, 10, or 15 years?

The Board has begun taking steps to study the long-range implications of the financial aid programs. These steps include the development of the data processing system for financial aid to assist in evaluating programs, the planning of several special seminars to consider the long range effects of the loan program and the addition of a research component to the financial aid division.

7. Medical And Osteopathy Student Loan Program

Objective: To provide financial assistance to medical and osteopathy students who agree to practice in rural communities in Minnesota designated as areas in need of medical doctors or osteopaths.

Statutory Authority: *Minn. Stat.* Sections 147.30-33. (1978)

Background: The Medical and Osteopathy Student Loan Program was created by the 1973 Legislature to provide assistance to Minnesota students in medicine or osteopathic medicine who intend to practice in rural areas in Minnesota that have physician shortages. Up to 24 students may enter the program each year. Each student may borrow as much as he or she requires to meet educational

expenses, up to $6,000 per year and up to $24,000 in total while pursuing a medical or osteopathy degree. Interest is charged at the rate of 8 percent per year from the time the loan is made. Participants are selected by the Coordinating Board based upon recommendations by the Board of Medical Examiners. Annually, the Board approves a list of communities in Minnesota which are designated as areas with physician shortages.

Loan recipients may apply to the Board for forgiveness of both interest and principal when they complete their training. If they practice in an approved area of medical shortage for a specified period of years, the loans are forgiven. Otherwise, repayment of both interest and principal is mandated.

The Medical and Osteopathy Student Loan Program is funded by the sale of revenue bonds, as is the State Student Loan Program. (See Section V.B.6.) Thus, the ceiling on the Board's bonding authority affects this program as well as the State Student Loan Program. Therefore, it is also necessary to consider the needs of this program when evaluating the Board's need for increased bonding authority.

Status: Revenue bonds totaling $3,420,000 have been issued to provide loans to medical and osteopathy students. One hundred eighty students had received $2,407,353 in loans from this program through the end of Fiscal Year 1980. Eighty-seven of these students are still in school: 54 are interns or residents; 14 are licensed physicians and osteopaths and have established rural practices and are canceling their loan obligations; 25 have completed their education but have elected not to practice in designated rural areas and are repaying their loans.

Recommendations: The Board recommends that this activity be phased out by not admitting any new participants after fall 1980, by meeting the renewal loan requests of current participants, and by completing all principal and interest payments on outstanding bonds by June 30, 1992. An appropriation of $81,000 is requested for Fiscal Year 1982 and $222,000 is requested for 1983 in order to meet obligations on bonds sold to finance the program. The Board recommends that remaining health professions student loan needs be met through existing programs including the Guaranteed Student Loan Program and that the legislature consider more direct means of encouraging the placement of physicians and osteopaths in rural communities with needs for doctors.

Rationale: This recommendation is based on the assumption that no new students will be admitted to the program after the fall of 1980 and that the program will be phased out effective June 30, 1992. Sufficient funds are requested to meet required debt service and to allow for bonds to be issued to meet the needs of eligible renewal students.

The request for the 1982-83 biennium represents a decrease of $72,000 for Fiscal Year 1982 under the $153,000 provided for Fiscal Year 1981 and an increase over Fiscal Year 1981 of $69,000 for Fiscal 1983. Additional details on funding requirements to end the program are provided in the Board's budget request.

Based on the limited success in placing physicians in rural areas of high need, the Board believes more direct means and cost-effective options to provide incentives should be explored.

8. Foreign Student Assistance Program

Objective: To provide institutions the opportunity to achieve and maintain a desirable cultural mix in their student populations and to assist foreign students to meet unexpected financial needs.

Statutory Authority: *Minn. Stat.* Sections 136A.143-136A.146 (1978)

Background: The Foreign Student Assistance Program provides loans to foreign students with student visas enrolled in Minnesota public and private post-secondary institutions. Under the program, students may obtain loans to pay the difference between resident and non-resident tuition and also may receive emergency loans to meet unexpected financial needs. If students who have received assistance return home after completing their education and do not live in the United States for five years, thereafter, both loan principal and interest are canceled. Students who do live in the United States following completion of training are required to repay their loans in full with interest computed at the rate of 8 percent from the date of the loan.

The 1979 Legislature appropriated directly to the University of Minnesota the funds previously allocated to the Coordinating Board. The Board received $45,000 per year for the biennium. The University no longer participates in the statewide program.

Status: Approximately 81 percent of the $45,000 appropriated for Fiscal Year 1980 was used. Thirty-eight institutions received funds based on the allocation formula used for the program. Of these schools, only 11 were allocated funds in excess of $1,000. The number of loans made was 103, and the average loan size was $352.

Recommendation: The Board recommends that the Foreign Student Assistance Program be phased out effective June 30, 1981 and that necessary funds or transfer discretion be assigned to public institutions with a significant foreign student enrollment.

Rationale: The program is designed to serve a limited number of students at a relatively few institutions. Therefore, it would appear to be administered more effectively at the institutions rather than through a central source.

C. NON-FINANCIAL AID PROGRAMS

The Coordinating Board has been assigned to manage several programs in addition to the financial aid programs. These programs share the same characteristics of being statewide, and in some cases regional, in scope and impact. They are aimed primarily at securing better services for Minnesota students.

These non-financial aid programs include the interstate tuition reciprocity programs, the Private College Contract Program, the Private Institution Registration Program, the Minnesota Post-High School Planning Program, the Minnesota Interlibrary Telecommunications Exchange Program (MINITEX), Optometry-Osteopathy Contracting Program and the Small Business Matching Grants Program.

1. Interstate Tuition Reciprocity

Objective: To increase access and choice for Minnesota post-secondary students, to encourage the maximum use of educational facilities, and to minimize duplication of educational efforts among participating states and institutions.

Statutory Authority: *Minn. Stat.* Section 136A.08 (1978).

Background: Authorization to enter into reciprocity agreements with neighboring states was one of the first responsibilities assigned to the Higher Education Coordinating Board. Implicit in this authority is recognition that opportunities for post-secondary education should extend beyond state boundaries and that historically states have tended to develop systems of post-secondary education unilaterally without regard to the post-secondary education facilities and programs in contiguous states. The results of the Board's reciprocity agreements have been the expansion of educational choice for students and the limitation of unnecessary duplication of programs and facilities across state boundaries.

A limited agreement with Wisconsin was initiated in the fall of 1969 and expanded each subsequent year until 1973 when a comprehensive agreement was implemented involving any resident in either state attending public post-secondary institutions. The higher education reciprocity agreement has been linked to the existence of an income tax reciprocity agreement between the two states. Under the Wisconsin agreement, all University of Wisconsin System schools and Center System institutions are eligible. All Minnesota public post-secondary institutions are eligible.

After several years of negotiation the Board achieved a reciprocity agreement with North Dakota which was implemented for the 1975-76 academic year. The North Dakota agreement encompasses all North Dakota public institutions except the locally-controlled junior colleges and all Minnesota public institutions except the public area vocational-technical institutes.

An agreement with South Dakota, similar to the North Dakota agreement, began with the 1978-79 school year.

Two reciprocal agreements involving three post-secondary educational institutions in southwestern Minnesota and two colleges in northwestern Iowa also began in fall 1978. One agreement provides for tuition reciprocity between Pipestone AVTI, Jackson AVTI and Worthington Community College in Minnesota and Iowa Lakes Community College which has campuses in Estherville and Emmetsburg. The second agreement provides for tuition reciprocity between the same three Minnesota institutions and Northwest Iowa Technical College in Sheldon. Under the agreements, Minnesota residents may be eligible to attend the two Iowa institutions and pay Iowa resident tuition rates and fees. Residents of northwestern Iowa may be eligible to attend the three Minnesota institutions at resident rates. Efforts to obtain a statewide agreement with Iowa have been unsuccessful, but it is hoped that the limited agreements will provide a basis for further discussion between the two states.

Reciprocal tuition agreements enable students to attend public post-secondary institutions in the neighboring states at in-state tuition rates. The programs cover full-time, part-time, undergraduate, and graduate and professional students. Formulas included in the agreements with Wisconsin, North Dakota and South Dakota allow Minnesota to calculate the number of students participating and compute the amounts that each state is to be reimbursed.

In its report to the 1979 Legislature, the Coordinating Board recommended that its staff work to renegotiate the payment formula in the agreement with Wisconsin.

Under the 1973 agreement, the two states calculated the number of participating students and the difference between in-state and out-of-state tuition for those students. Because more Minnesota students were attending Wisconsin schools and Wisconsin non-resident rates were higher, Minnesota was paying Wisconsin about $600 more per student than Wisconsin was paying Minnesota.

In the spring of 1979, meetings between Minnesota and Wisconsin officials to renegotiate the agreement began. The objective was to ensure that the sum paid per student served be the same in both states. A new reimbursement approach has resulted. It is based on the marginal cost of providing educational services to students participating in the program. Wisconsin receives reimbursement for a portion of institutional costs for each Minnesota resident attending a Wisconsin institution covered under the agreement. The Coordinating Board in October 1979 approved the new 10-year agreement, and it has been ratified by Minnesota's public post-secondary systems and approved by the Wisconsin Legislature. The reimbursement agreement will be reviewed every two years and be subject to legislative appropriations.

Under the agreement, the University of Minnesota School of Veterinary Medicine is to continue to accept 17-24 Wisconsin residents as entering first-year students into the professional veterinary medicine program. The admissions quota provisions are to end the year that Wisconsin admits its first class in its new school of veterinary medicine. Then, veterinary students in either state will be treated in the same manner as all other reciprocity students. The agreement assures the continuation of income tax reciprocity for residents of Minnesota and Wisconsin who work in one state and live in the other. Under the tax reciprocity, taxpayers file only in their state of residence, and the two states calculate any necessary adjustments.

North and South Dakota receive a sum for each student equaling the weighted average tuition rate reduced to a dollar per credit-hour charge. Minnesota receives like payments from these three states for their residents enrolled in Minnesota institutions. The Iowa agreements do not involve an exchange of funds.

The agreements with North Dakota and South Dakota will remain in effect until substantive changes require further alterations. Administrative memoranda will be drafted annually as needed to implement the agreements. The memorandum with North Dakota provides that the inclusion of area vocational-technical institutes, as desired by Minnesota, will be under review by appropriate authorities.

Although the statute originally provided for payments from Minnesota to the three neighboring states as necessary under an open appropriation, the 1977 Legislature eliminated several open appropriations accounts, including those for reciprocity. Direct appropriations for the programs with Wisconsin, North Dakota and South Dakota totaled $10,075,500 for reciprocity in Fiscal Year 1980 and $9,363,000 in Fiscal Year 1981.

Status: The reciprocal tuition agreements have been successful in meeting student needs by increasing access and choice. Table 23 shows the actual and estimated number of students and cost per student for Fiscal Years 1978-1982. The change in average cost per student in Fiscal Year 1981 in the Wisconsin figures reflects the renegotiation of that agreement. The growth in participation each year appears to result from more information about available reciprocity options available. The ratio between incoming and outgoing numbers of students between states is primarily a function of population distribution.

Recommendations: In order to serve the state's goals of increasing access and choice of post-secondary educational opportunities the Board recommends:

1. **Continuation of this activity and the appropriation of $5,755,000 in Fiscal Year 1982 and $6,760,000 in Fiscal Year 1983 to meet the contractual obligation under existing agreements.**

   Because this is an entitlement program in which there is difficulty obtaining precise estimates, it is requested that the following language be included in the appropriation: "If an appropriation for either year is insufficient, the appropriation for the other year is available for it and any unexpended balance remaining in the first year shall not cancel but shall be available for the second year of the biennium."

2. **That its staff continue to negotiate improvements in existing agreements and an expansion of the agreement with Iowa.**

3. **That the Board staff seek to expand the agreement with North Dakota to include area vocational-technical institutes.**

Rationale: Reduction of the requested amount for the biennium is due primarily to substantial reduction in the amount due Wisconsin as a result of the new agreement negotiated in Fiscal Year 1980. The Board's request for reciprocity represents a reduction of $3,608,000 in Fiscal Year 1982 from Fiscal Year 1981 and a reduction of

$2,603,000 in Fiscal Year 1983 under the 1981 base. The request accounts for small increases in the amount for the North Dakota Program and a stable program with South Dakota. In Fiscal Year 1982 the Board projects payments of $4,789,000 to Wisconsin, $830,000 to North Dakota and $136,000 to South Dakota. In 1983, projections are $5,744,000 to Wisconsin, $880,000 to North Dakota and $136,000 to South Dakota.

Besides serving students effectively, the reciprocal tuition programs have served to improve interstate cooperation and planning and in the long run result in more economical and efficient delivery of programs to participating states.

TABLE 23

NUMBER OF STUDENTS AND AVERAGE COST PER STUDENT UNDER TUITION RECIPROCITY FISCAL YEARS 1978-1982

Academic Year Fiscal Year	77-78 Actual 1978	78-79 Actual 1979	79-80 Estimated 1980	80-81 Estimated 1981	81-82 Estimated 1982
Minn. to Wisc.					
Number of Students	5,784	6,335	6,891	7,580	8,338
Average Cost/Student	1,727	1,847	1,161	1,242	1,330
Wisc. to Minn.					
Number of Students	2,709	2,888	3,133	3,383	3,654
Average Cost	1,179	1,254	1,278	1,367	1,463
Minn. to N. Dak.					
Number of Students	3,138	3,506	3,698	4,134	4,570
Average Cost	622	683	730	780	835
N. Dak. to Minn.					
Number of Students	1,854	2,419	2,624	3,070	3,516
Average Cost	622	683	730	780	835
Minn. to S. Dak.					
Number of Students		487	678	678	678
Average Cost		1,092	1,100	1,100	1,100
S. Dak. to Minn.					
Number of Students		310	554	554	554
Average Cost		1,092	1,100	1,100	1,100
Minn. to Iowa					
Number of Students	29	4	6	64	
Average Cost	—	—		—	
Iowa to Minn.					
Number of Students	56	109		167	
Average Cost	—	—		—	

2. Private College Contract Program

Objective: To preserve choice and diversity of opportunities through the continued vitality of Minnesota's private educational institutions.

Statutory Authority: *Minn. Stat.* Sections 136A.18-136A.22 (1978)

Background: Based on recommendations of a study funded jointly by the state and the Bush Foundation, the Board recommended and the 1971 Legislature adopted the Private College Contract Program. This program was conceived at a time when the proportion of student needs served in private post-secondary institutions was declining. Hence, the program was designed to encourage private institutions to educate an increasing portion of Minnesota residents enrolled over the number of Minnesota residents enrolled in 1970. Also, the program provided a subsidy of $500 for each state grant-in-aid recipient enrolled. This was an effort to encourage private institutions to serve more low income students, thereby increasing accessibility and opportunity for Minnesota students from low income families. The private colleges responded favorably to the incentives. Some institutions made significant increases in the number of Minnesota

residents enrolled, while others served an increasing number of low income students who were recipients of state grants-in-aid.

Because of declining enrollment levels in some public institutions, the Board in 1975 suggested that the focus of the program be shifted from accommodating increasingly larger numbers of Minnesota residents. A revised basis of payments was adopted by the 1975 Legislature. It provided incentives to private colleges to continue their current level of service to Minnesota residents, including students from low income families. This change set the amounts of $120 for state residents enrolled in two-year institutions, $150 for state residents enrolled in four-year institutions, $400 for state grant-in-aid recipients in two-year institutions and $500 for state grant-in-aid recipients in four-year institutions.

Status: In Fiscal Year 1972, $523,800 was paid to private schools. By Fiscal Year 1979 the private schools received $4.5 million with full funding under the new formula.

The 1979 Legislature appropriated $9.7 million for the 1980-81 biennium for the program. In Fiscal Year 1980 full funding of the formula nearly was achieved when the Board made payments totaling $4.6 million to 23 Minnesota private institutions; this represented unit payments at a rate of 98.3 percent of the amount authorized under the formula. In Fiscal Year 1981 the Board has $5,105,100 in available appropriations.

Recommendations: The Board judges the present terms of the program to be appropriate with adequate levels of funding. Thus, in order to assist in maintaining the vitality of the private collegiate sector in Minnesota's post-secondary education system, the Board recommends the following:

1. **That the current payment formula under the program be continued.**

2. **That the 1981 Legislature provide appropriations of $5,393,700 for Fiscal Year 1982 and $5,619,100 for Fiscal Year 1983.**

Rationale: The budget recommendations for the program reflect the Board's estimate of the amount required to make payments in the full amount authorized by the formula during the next biennium. The request represents an increase of $802,800 over the Fiscal Year 1981 base figure. The recommended increase is directly related to the anticipated increase in the number of state grant-in-aid program recipients. The number of grant recipients is projected to continue to increase by 8.5 percent in Fiscal Year 1982 over Fiscal Year 1981 and 17 percent in Fiscal Year 1983 over Fiscal Year 1981. If the new grant recipients are spread in the same percentage over all post-secondary systems as they are now, an increase of $288,700 will be required in Fiscal 1982 and $514,100 in Fiscal 1983.

The program's objectives will be reviewed as enrollment and funding conditions change. It is anticipated that the Board's Task Force on the Future Funding of Post-Secondary Education will review the role of this program in the

comprehensive approach to meeting state obligations. However, the program recognizes the need for a strong private collegiate sector as an alternative for Minnesota residents. The legislature acknowledged this need by establishing the Private College Contract Program. The funding from this program, though representing only about 1.06 percent of all state funds for institutional operations, has provided the participating schools with an important source of revenue and reinforcement to maintain their commitments of service to Minnesota residents.

3. Private Institution Registration Program

Objective: To provide consumer assistance for post-secondary students and prospective students in Minnesota.

Statutory Authority: *Minn. Stat.* Sections 136A.61-136A.71 (1978).

Background: The program was recommended by the Higher Education Coordinating Board and established by the 1975 Minnesota Legislature. The recommendation to establish the program was based on an increasing number of inquiries and complaints by students in Minnesota which pointed to possible abuses in the advertisement and delivery of post-secondary education in Minnesota. No procedures existed in the state to license, certify or approve the delivery of private degree-oriented post-secondary education services to residents. Minnesota was one of fewer than a dozen states which did not have protection for its residents, and evidence suggested that without some action the state could have become a haven for a variety of illegitimate activities providing substandard services.

Implementation of the program began in 1977. Several amendments to the act were adopted by the 1978 Minnesota Legislature; they further clarify the intent of the law and expand its effect to include public schools located outside Minnesota which offer programs or courses within the state.

The program assists and protects persons choosing to attend private institutions by establishing procedures to assure the authenticity and legitimacy of institutions and systems. Specifically, the program ensures protection of student records, disclosure of certain information to students and prospective students, financial stability of educational institutions, appropriate faculty and physical facilities for education programs and adequate governance of educational institutions. The procedures also assist institutions by providing guidelines to private schools offering programs and courses in Minnesota, helping to protect legitimate and authentic institutions from unfair competition and offering guidelines and assistance to developing institutions and experimental programs.

Schools falling under the purview of this program must register annually with the Coordinating Board. Once an institution has registered, the Coordinating Board staff reviews material which has been submitted and makes recommendations for Board action concerning institutional names and the granting of degrees. An advisory committee comprising representatives of the post-secondary education sectors in Minnesota and lay members reviews the application prior to Board action and advises the staff and Board on intended actions.

The Board each year adopts and publishes a list of registered schools, schools approved to offer specified degrees and schools approved to use the name "college," "academy," "institute," or "university."

Status: By May 1980 more than 75 institutions had registered with the Coordinating Board. 42 had been approved to grant degrees and 16 had been approved simply to use certain terms in their names. In addition, several institutions have been discouraged from operating in Minnesota or have been denied approval. In May 1980 a status report on the program was submitted to the Board.[5] It discusses in more detail the background of the program, its implementation, and the registration and approval process. The Coordinating Board will be reviewing the registration program in the upcoming year as part of its continuing evaluation of all Board programs.

Recommendations: In order to assure the equitable and efficient administration of this program and the continued assistance and protection of Minnesota students and prospective students, the Board recommends the following:

1. **That the Private Institution Registration Program be continued; and**

2. **That the registration fees generated by this program be used for the administration of the program.**

Rationale: The Board continues to support the need for assisting students and providing protection for both students and the legislature and authentic private institutions in Minnesota. Demographic changes strongly suggest that there will be increased competition for post-secondary students. As these changes occur, the need for established standards for institutional conduct will be emphasized. The existing process with experienced personnel will enhance Minnesota's ability to minimize abuses by assuring that post-secondary education degree programs meet minimal standards, by assuring that records of students are protected and accessible for future use, by helping protect prospective students from misrepresentation or from inadequate or illegitimate programs, and by improving the accuracy and availability of information about institutions for prospective students and their families.

[5]Minnesota Higher Education Coordinating Board, *Private Institutions Registration Program: A Status Report* (May 19[illegible]

4. Minnesota Post-High School Planning Program

Objective: To provide high school students with information useful in making post-secondary education and work plans and to provide post-secondary institutions with information useful in the admission, advising, and placement of students.

Statutory Authority: *Minn. Stat.* Section 136A.85-136A.88 (1978)

Background: The Minnesota College/Vo-Tech Statewide Testing Program was established by the University of Minnesota in 1928 to identify high school students with academic aptitude in an effort to improve university retention rates. In order to improve counseling services to college-bound students and, subsequently, to minimize the need for multiple testing for college admissions, the program was expanded in 1948 and again in 1972. From 1972 until 1980, the program consisted of (1) a college admissions test — the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/NMSQT), (2) an aptitude test for noncollege-bound students — the School and College Abilities Test (SCAT), (3) a Plans and Background Survey (PBS), and (4) high school rank, a measure of the student's actual achievement. These four items are used to produce an educational planning profile for each student at the beginning of his or her senior year.

Prior to the 1979 Fiscal Year, the testing program was funded partially by the state and partially by fees from post-secondary institutions which purchased its reports. However, after several years of declining participation by post-secondary institutions and the subsequent erosion of the program's funding base, the Coordinating Board recommended to the 1978 Legislature that the program be strengthened through additional funding, that it be placed under a state-level agency to establish statewide identity, and that a broadly constituted advisory committee from the education community be established to provide the Board with recommendations on the future of the program.[7]

The 1978 Legislature directed the Board to establish a statewide guidance, testing, and information program for all 11th grade students who wish to participate.[8] The new program, named the Post-High School Planning Program (PSPP), is designed to:

Assist students to make career plans and decisions regarding post-secondary education, training and goals;

Assist high school, college and vocational institute counselors in their work with students;

Assist Minnesota colleges and vocational institutes to identify students for whose talents, interests and needs they have appropriate programs;

Assist colleges and scholarship agencies to select from applicants those who show the most promise of benefiting from particular programs;

Provide educators, state planners, and policymakers in the state a continuous inventory of the talents, plans, needs, and other characteristics of students in individual educational institutions, in educational systems, and in the state as a whole; and

Assist educators, state planners and policymakers to develop improved educational measures and counseling tools.

An annual appropriation of $119,800 was provided to the Board to administer the program over the 1980-81 biennium and to pay for the participation in the PSPP of all public post-secondary institutions in the state. Private colleges and universities must pay a fee.

Status: As required by law, the Board established an advisory task force of representatives from the following groups:

1. Minnesota School Counselors Association
2. Minnesota Association of Secondary School Principals
3. Minnesota School Boards Association
4. State University System
5. University of Minnesota
6. State Community College System
7. Minnesota Private College Council
8. Minnesota Area Vocational-Technical Institutes
9. One secondary education student
10. One post-secondary education student

This committee, charged with making recommendations to the Board on program goals, policies, and selection of tests, focused on the following issues: (1) the need to increase participation in the program by high school students and post-secondary institutions; (2) the need to expand and modify the program tc better meet the needs of students with vocational or occupational objectives; and (3) the need to improve services to participating post-secondary institutions to ensure that the tests and other student information meet their admissions, placement, advisement, and research needs.

[7]Minnesota Higher Education Coordinating Board. *Review of the Minnesota College/Vo-Tech Testing Program* (December 1977).

[8]*Minn Laws 1978*, Chapter 782.

Coordinating Board staff conducted regional conferences and surveys for both secondary and post-secondary personnel and met with professional education organizations to determine specific needs from the PSPP of those constituencies. An analysis of the results of these conferences and surveys led the task force to recommend to the Board that a pilot study of the use of the Career Planning Program (CPP) be conducted to test the reliability and usefulness of the instrument in a variety of high school settings.

The CPP is a guidance tool for high school students which measures abilities in six areas, interests in eight areas, and experiences in seven areas. These measures are related to eight career clusters through a student profile and planning book.

The CPP was pilot tested with almost 2,200 juniors in 11 Minnesota high schools during September and October 1979. More than 90 percent of the parents and counselors and 86 percent of the students in the pilot test recommended the continuation of the CPP as part of the Post-High School Planning Program.[9] The task force believes that the potential of the CPP can only be realized fully if it is offered to all high school juniors, in public and private institutions, as an integral part of the PSPP. Hence, in April 1980, the task force recommended that the Coordinating Board request state funding for the CPP so that it could be offered at no cost to all high school juniors in Minnesota. In the interim year the CPP will be offered at a cost of $3.50 per student.

Recommendation: In order to continue and enhance the program during the next two years, the Coordinating Board recommends an appropriation of $275,300 in Fiscal Year 1982 and $285,400 in Fiscal Year 1983. This recommendation includes increases over the 1980-81 biennium for the following:

1. **An appropriation of $105,000 for each year of the biennium to implement a shared-cost plan with local school districts to offer the Career Planning Program to all high school juniors at no cost. Under the terms of the shared cost plan, local school districts would finance half the cost of the test and state funds would be used for an equal match.**

2. **An appropriation of $5,000 in each year of the biennium for test-processing expenses associated with the new computer purchased by the Student Counseling Bureau of the University of Minnesota.**

3. **An appropriation of $6,000 for each year of the biennium of a .5 FTE secretary to support the research and school consultation activities of the program.**

4. **An appropriation of $13,500 per year to eliminate the membership fee now charged to private post-secondary institutions.**

5. **An appropriation of $16,200 each year for catch-up personnel costs for 1980 and 1981.**

Rationale: The legislature requested that the Board evaluate the Post-High School Planning Program and establish a guidance, testing and information program which would meet the needs of all high school juniors and post-secondary institutions. Addition of the Career Planning Program to the current program will accomplish that objective. The CPP will provide all students with reliable information to support career and educational decision-making. The same information will provide post-secondary institutions with accurate and timely

[9]Minnesota Higher Education Coordinating Board. *Evaluation of the Minnesota Pilot Study of the Career Planning Program Fall 1979* (January 1980).

information to support admission, advising and program selection. Successful transition from high school to a job or from high school to a post-secondary institution is of a state-level concern. Career and educational drift is expensive and a waste of time in both a personal and social sense. It is the responsibility, too, of high schools to provide students with a formal introduction to career planning. As a consequence, the Board has proposed a shared-cost arrangement between the state and local school districts.

Technical services for the program are provided on a contract basis by the Student Counseling Bureau (SCB) of the University of Minnesota. All student information for the program is processed on the SCB computer. The program will be charged $5,000 per year for the next 10 years to help finance the new machine purchased by the Counseling Bureau. It is not possible to process this information manually.

When the program was transferred to the Coordinating Board, funds were provided for a professional staff member to coordinate program activities with more than 450 high schools and more than 75 post-secondary institutions. This person is responsible for research, in-service training and producing special reports for institutions. No secretarial support for this function was provided. During the last two years there has been a 137 percent increase in requests for special reports from the program's data base. In addition, the in-service program for faculty, staff and counselors on how to use the information in the PSPP has been expanded greatly. Professional staff time is used frequently to perform clerical functions. Current and future demands on the program cannot be satisfactorily met without clerical support.

The Post-High School Planning Program is designed primarily to serve students. Partial support for the program is provided through membership fees charged to private institutions. There is no charge for public institutions. As a statewide service for students, it is recommended that this program be made available to all post-secondary institutions at no charge.

No salary increase funds were provided to the program during Fiscal Years 1980 and 1981. This oversight jeopardized state support for the basic program. Catch-up funds are sought to correct this oversight.

Truth-in-Testing Legislation: Several national standardized testing organizations were founded shortly after World War II to conduct education research and to create instruments for measuring academic potential of students. Today, nationally administered standardized tests are important elements in the admissions process at many colleges, universities and professional schools and programs.

During the past few years legislation was introduced in several states, including Minnesota, to require companies that design and administer scholastic admissions tests to make their examinations public after the tests are given. The New York Legislature in spring 1979 passed a law known as the truth-in-testing act, which requires, among other provisions, that the testing companies file with the State Department of Education, most types of exams and any reports or statistical data used in any studies. Further, the questions and answers to exams may be requested by test takers for 90 days after the test scores have been released, and test agencies have 30 days in which to comply. In Congress, testing bills have been under consideration but have not passed.

A truth-in-testing bill was introduced in the 1980 Minnesota Legislature, and several committee hearings have been held. The bill is intended to regulate standardized admissions testing in Minnesota by requiring disclosure of information by testing agencies to the Coordinating Board and to individuals taking the tests. The Board has been monitoring the legislation and reviewing its administrative and policy implications in conjunction with other interested parties. In 1980 the Board, in consultation with the Higher Education Advisory Council, prepared a briefing paper on proposed testing legislation.[10]

Proponents of testing legislation believe passage would result in a de-emphasis of test scores for admission; they feel passage would remove constraints placed on student choice, particularly minorities and economically disadvantaged students. Proponents feel test takers would be able to verify the accuracy of their reported scores; they believe the approval of the bill would ensure the availability of public information on the nature, purposes, uses and reliability of the tests. The proponents feel the bill would require the test companies to be more accountable to the public. They believe the bill would ensure the rights of test takers. Proponents feel the legislation would result in the reduction of discrimination against various racial, ethnic and income groups because the tests are culturally biased.

Opponents of the legislation challenge the assumptions and allegations of the proponents. They say that standardized tests have less emphasis in a period of enrollment decline, that test takers do receive adequate information on test construction and scoring; that testing agencies do provide public information on the development, administration and use of the tests; that the testing corporations are accountable; that test takers' rights are ensured; that misuse of test scores in admissions is discouraged and that standardized tests predict college performance equally well for all groups.

[10]Minnesota Higher Education Coordinating Board, *Proposed Testing Legislation: A Briefing Paper* (February 1980).

The legislation raises the question of whether the problems associated with standardized testing are of such magnitude to require governmental regulation; or would other alternatives be more desirable to deal with the problems which proponents feel occur in the admissions process.

In a time of declining enrollments, standardized tests may have a smaller role in admissions decisions than they did while enrollments were expanding; however, the tests will be important in advising and placement.

Further study is needed to determine whether legislative remedies or other responses are the most suitable for addressing the concerns raised by proponents of truth in testing. Underlying the debate on truth-in-testing legislation are major social and political questions that need to be explored in terms of their long range implications.

These issues need to be addressed in depth before a decision is made in Minnesota to approve or not approve testing legislation. During the next biennium the Board will continue to review any proposed testing legislation and to assess the implications for students, institutions and the agency.

5. Minnesota Inter-Library Telecommunications Exchange (MINITEX)

Objective: To provide students, faculty, researchers and other residents of Minnesota with maximum access to library resources through statewide and interstate cooperation among more than 150 participating libraries.

Statutory Authority: *Minn. Laws 1979*, Chapter 335, Section 3.

Background: Since 1969 the library community in Minnesota has demonstrated that it can work together effectively and that sharing resources and joint planning are not only possible but mutually beneficial. Through MINITEX, the library community has produced a common bibliographic record of the highest order.

MINITEX was developed from a two-year pilot project funded by the Hill Family Foundation and the Library Services and Construction Act (LSCA-Title II) to test the feasibility of a state library network. Continuing responsibility for MINITEX was assigned to the Coordinating Board in 1971.

The appropriation for MINITEX to the Coordinating Board supports the participation of post-secondary and state agency libraries in the program as well as general management and planning costs. Participation of public community and regional libraries is supported by contract with the State Department of Education, Office of Public Libraries and Inter-Library Cooperation. The participation and cooperation of libraries in Wisconsin, North Dakota and South Dakota have been arranged through reciprocal and contractual agreements.

Using the MINITEX program as a vehicle, the Bush Foundation in 1976 provided a grant of $216,000 to the Coordinating Board. The grant provided the opportunity for 30 libraries in Minnesota and North Dakota to acquire on-line bibliographic and cataloging capabilities through the services of a national bibliographic processor, the Ohio College Library Center, now the OCLC, Inc. In June of 1977

a supplemental Bush Foundation grant of $135,000 supported the participation of additional libraries in Minnesota, North Dakota and South Dakota. In combination with Kellogg Foundation grants to private colleges, these funds have made it feasible for more than 50 libraries in all three states to develop on-line bibliographic capability in a cooperative manner.

FIGURE 14

MINITEX NETWORK

Participants

7 State Universities
23 Private Colleges
10 University of Minnesota Libraries
18 Community Colleges
8 Area Vocational-Technical Libraries
25 Regional or Public Libraries
1 Private Reference Library
13 State Agency Libraries
20 Hospital Libraries
5 Seminary Libraries
4 Federal Libraries
3 Post-Secondary Regional Centers
1 High School
Wisconsin Academic and Public Libraries
North Dakota Academic and Public Libraries
South Dakota Academic and Public Libraries
Lakehead University (Thunder Bay, Canada)

Resources

University of Minnesota
Private and Public Colleges
James J. Hill Reference Library
Metropolitan Public Libraries
Minnesota Historical Society
State Agency Libraries
Mayo Clinic and the Twin Cities Bio-Medical Consortium
Seminary Libraries
Midwest Health Science Library Network
Wisconsin Academic and Public Libraries
North Dakota Academic and Public Libraries
South Dakota Academic and Public Libraries
Center for Research Library
National Union Catalog
British Lending Library

Services

Communications Network
Shared Resources/Document Delivery
Bibliographic Data Base (MULS)
Collection Development
Information/Reference Network
Continuing Education
On-Line Bibliographic Searching

Status: It is projected that within the coming biennium, MINITEX participants will generate approximately 185,000 document requests and 10,000 reference questions annually. The Minnesota Union List of Serials (MULS) currently includes more than 125,000 individual titles held in approximately 400 libraries in Minnesota, North Dakota, South Dakota, Wisconsin and Iowa. The third edition is scheduled for late 1980. Close to 100 libraries catalog online through OCLC. In three years, these libraries have added over 2.5 million holding records to this file. Approximately 1.5 million records are expected to be added in Fiscal Year 1981.

These bibliographic data bases greatly aid in resource sharing and help individual libraries in their collection development. They also have assisted individual libraries to stabilize or reduce processing costs. The program provides items to residents of Minnesota at the lowest cost per borrowed unit in the country. Both MULS and OCLC must be maintained and updated if the network is to continue at a high level of efficiency and effectiveness.

The low operating cost, overall efficiency, and extent of services, resources and participation have provided Minnesota with one of the most effective inter-library networks in the nation; it is cited frequently by experts as a model for statewide and national development. Since its inception, requests made on the MINITEX system have more than doubled, the number of participating libraries has nearly tripled and the efficiency of the system has increased by virtually every reasonable measure. MINITEX is supported widely because it works by improving service to library patrons and by

encouraging participating libraries to benefit from cooperation and coordinated development. Additional details on the background and status of the program can be found in a status report presented to the Board during the biennium.[11]

Recommendation: In order that continuing service may be provided under the MINITEX Program within the current mandate, the Board recommends an appropriation of $561,900 for Fiscal Year 1982 and $609,700 for Fiscal Year 1983. This level of appropriation will accommodate the anticipated level of requests for inter-library loans and maintain an updated serial data base and other bibliographic data bases, and provide back-up reference service.

Rationale: This recommendation includes a request for the same level of support as appropriated for Fiscal Year 1980 and Fiscal Year 1981, plus the allowed inflation increase under Department of Finance guidelines.

The recommendation assures that the participation in the network by public community and regional libraries and libraries in neighboring states will continue to be financed by contracts and reciprocal agreements.

6. Optometry-Osteopathy Contracts

Objective: To provide opportunities for Minnesota residents to pursue professional studies in optometry and osteopathy and to insure a stable supply of qualified professionals in optometry and osteopathy for the state by contracting for student spaces in institutions located in other states.

Statutory Authority: *Minn. Stat.* Section 136A.225 (1978)

Background: The Optometry and Osteopathy Contracting Program was established in 1977 to respond to projections of a diminishing supply of professionals in both health areas in Minnesota. Since there are no professional programs in either optometry or osteopathy in Minnesota, the method of contracting for a specified number of seats in each entering class is designed to assure a stable pool of professionals committed to practicing in the state.

The Board is authorized to contract for placement of up to 10 seats in colleges of osteopathy and up to 13 seats in schools of optometry. The 1977 Legislature appropriated $52,000 for payments to schools of optometry and $135,000 for payments to schools of osteopathy. The 1979 Legislature appropriated $423,000 for Fiscal Year 1980 and $636,500 for 1981.

While the contracting approach to meeting professional needs has limitations, it is a more flexible approach than establishing new programs or schools and it encourages regional and inter-institutional planning for meeting regional needs. In addition, through the contracting method students have a range of choices among participating institutions. In return for the state's investment in contracted spaces, students agree to return to Minnesota and practice in their professional field for a minimum of three years.

In 1979 the Board completed a legislatively-mandated study exploring the feasibility of developing a regional system for optometric education.[12] The study concluded that the projected manpower need for optometrists in the nine-state north central region does not justify the development of a regional school of optometry. Existing educational opportunities appear to be adequate for meeting current projections of manpower need.

The Coordinating Board recommended to the 1979 Legislature that: (1) the existing student contract program in optometry be continued, (2) that the existing student contract program be monitored on an annual basis and (3) that vision care education, manpower and service trends be re-examined in five years.

Alternatives considered by the Board other than contracting were the following: Minnesota participation in the development of a regional school of optometry in Missouri, development of a regional school of optometry in Minnesota,

[11]Minnesota Higher Education Coordinating Board, *Minitex Status Report* (October 1979).

[12]Minnesota Higher Education Coordinating Board, *Optometric Education in Minnesota, A Regional Perspective* (January 1979).

development of a school in Minnesota to serve primarily Minnesota residents, and development of a contract program through a regional mechanism such as a regional education board.

Status: Since August 1977, HECB staff have negotiated with institutions throughout the nation which have indicated an interest in contracting with Minnesota. The objective has been to secure the highest number of seats feasible at the best institutions available, with the appropriations available and statutory limitations in each field.

Negotiations have resulted in contracts with the following institutions at the rates indicated.

TABLE 24

OPTOMETRY AND OSTEOPATHY CONTRACTING-INSTITUTIONS, SEATS AND COST PER SEAT

Institutions	Seats	Cost per Contract Seat
Osteopathy		
College of Osteopathic Medicine, Des Moines, Iowa	5	$13,500
Kirksville College of Osteopathic Medicine, Kirksville, Missouri	5	$13,500
Total Authorized	10	
Total Contracted	10	
Optometry		
Illinois College of Optometry Chicago, Illinois	4	$ 4,500
Indiana University School of Optometry, Bloomington, Indiana	1	$ 5,000
Ohio State University, College of Optometry Columbus, Ohio	3	$ 5,000
Pacific University, College of Optometry Forest Grove, Oregon	2	$ 4,500
Southern California, College of Optometry Fullerton, California	3	$ 4,000
Total Authorized	13	
Total Contracted	13	

Since the Board's ***1979 Report to the Governor and Legislature***, four changes have been made in the Minnesota contract payments. Two of those changes, negotiated with Pacific University and the Illinois College of Optometry, have resulted in at least a $500 annual tuition reduction for each contract student. To achieve this reduction, the annual amount paid to the schools by Minnesota has been increased from $4,000 to $4,500. In addition, the Illinois College of Optometry is matching equally the tuition reduction for a total reduction per student of $1,000 annually. Also, Pacific University will provide an additional $500 tuition grant per student based on the student's financial need; again, a total reduction of $1,000 per year.

The third change was an increase in the number of seats from two to three allocated to the Ohio State University College of Optometry. This increase fully commits the 13 seats provided under statute by the 1977 Minnesota Legislature.

The final change was made in response to a curriculum change at the College of Osteopathic Medicine, Des Moines. The college moved from a three-year to a four-year program during Fiscal Year 1980. Therefore, the Minnesota payments were lower for all students entering effective fall 1979. The budget recommendations will reflect this change by noting a higher cost per student for Des Moines students in their third and final year, Fiscal Year 1981.

Recommendations: In order to continue providing educational opportunities that will result in a stable supply of professionals in the fields of optometry and osteopathic medicine, and to share in the burden of inflationary costs for educating students from Minnesota, the Board recommends the following:

1. **That the program be continued without change in the authorized complement of seats in both optometry and osteopathy;**

2. **That the 1981 Legislature appropriate $674,200 for Fiscal Year 1982 and $886,000 for Fiscal Year 1983.**

Rationale: The budget recommendations for the optometry and osteopathy contracting program reflect two judgements:

1. That the projected manpower need in these fields justifies continuation of the program at levels authorized in the 1977 legislation; and

2. That the burden of a rise in educational costs supported by sponsoring institutions should be shared by the state of Minnesota.

The growth in the program each year occurs as contracted students progress through school while another group of initial seats is purchased. It is projected that the program will reach maximum maturity in Fiscal Year 1984. The actual and projected costs of contract seats for Fiscal Years 1980-1983 are shown in Table 25.

TABLE 25

OPTOMETRY-OSTEOPATHY
CONTRACT SEATS FISCAL YEAR 80 — FISCAL YEAR 83

School	New Seats Available Per Year	FY 80 Cost Per Year	Actual FY 80 Total Cost	FY 81 Cost Per Seat	Actual FY 81 Total Cost	FY 82 Cost Per Seat	Projected FY 82 Total Cost	FY 83 Cost Per Seat	Projected FY 83 Total Cost
Des Moines	5	*18,000 13,500	*72,000(4) 67,500(5)	*18,000 13,500	*72,000(4) 135,000(10)	14,700	220,500(15)	16,000	320,000(20)
Kirksville	5	13,500	81,000(6)	13,500	148,500(11)	14,700	235,200(16)	16,000	288,000(18)
Illinois	4	4,500	*22,500(5)	4,500	40,500(9)	4,900	63,700(13)	5,300	84,800(16)
Indiana	1	5,000	10,000(2)	5,000	15,000(3)	5,500	22,000(4)	5,900	23,600(4)
Ohio	3	5,000	20,000(4)	5,000	35,000(7)	5,500	55,000(10)	5,900	70,800(12)
Pacific	2	4,000	8,000(2)	4,500	18,000(4)	4,900	29,400(6)	5,300	42,400(8)
So. California	3	4,000	20,000(5)	4,500	36,000(8)	4,400	48,400(11)	4,700	56,400(12)
Totals	23	—	301,000(33)	—	500,000	—	674,200	—	886,000

*These Des Moines students are in a three year program and therefore, the contract payment has been prorated based on the four year program cost of all other students. They will graduate during Fiscal Year 1981.
*( ) numbers in parentheses indicate projected number of contract seats to be occupied during that Fiscal Year.

7. Small Business Institution Match

Objective: To provide services to small business owners/operators in Minnesota in order to improve the success rate of small businesses.

Statutory Authority: *Minn. Laws 1979*, Chapter 335, Sec. 3, Subd. 14.

Background: Under the program, the Coordinating Board provides matching grants to colleges and universities in Minnesota that receive grants under the small business management assistance program of the Federal Small Business Administration (SBA). The Board entered into a contract with 12 post-secondary institutions for Fiscal Year 1980 with a total budget of $45,000. Each institution contracted to receive $250 for each case it completed with the SBA, up to a predetermined maximum number of cases. The caseload of each institution was determined according to its contract with the SBA and the $45,000 appropriation. The Board paid each institution upon receipt of verification from the Minneapolis office of the SBA and upon request for payment from the institution. Each institution also agreed to submit a report regarding its use of the matching funds by June 30, 1980.

Status: The program began operating during Fiscal Year 1980 with the $45,000 appropriated for that year and $45,000 for 1981. The Board entered into contracts with 12 institutions for completion of 180 cases. The 180 cases represented about two thirds of the total cases that these 12 schools had contracted for with the SBA (i.e. 269). As of September 1980, the Board had disbursed a total of $44,000 to 12 institutions for successfully completing 175 cases. The remaining $1,000 was retained by the Board as carryover into Fiscal 1981. All but one of the institutions completed their contracted cases. Only one institution had submitted the required written report as of September 10, 1980.

Recommendation: The Board recommends that this program be ended effective June 30, 1981.

Rationale: As now administered, the program merely supplements payments to institutions under contract with the SBA. Under current budget conditions, the Board believes that program funds should be transferred to higher priority programs. Ending or reducing the funding for this program will not eliminate service to small businesses.

VI

FUTURE AGENDA

VI. FUTURE AGENDA

A. INTRODUCTION

Minnesota has established an extensive array of post-secondary educational opportunities for its residents. These opportunities, supported by both public and private funds, compare favorably with those available anywhere. But as conditions change in the 1980s, the challenge will be to maintain these opportunities and services at a cost which the state can continue to support. With fewer students and limited resources, the state will need to make difficult choices on priorities within post-secondary education and between post-secondary education and other services. The state's budget deficit experienced in Fiscal Year 1981 has forced policymakers to make difficult decisions in deciding where to make reductions. Making these types of decisions in future biennia will require a framework that provides policymakers with readily available information to evaluate policy alternatives in the context of a set of goals. The Coordinating Board has enhanced its research capacity and has initiated a project to identify these goals. These efforts will enable the Board to better fulfill its legislative mandate to identify important policy issues, analyze alternatives and recommend actions.

The Coordinating Board's mandate provides it with responsibility for long-range, statewide planning and coordination and for operating those programs assigned to it. Nevertheless, effective planning must be a cooperative venture among institutions, systems and representatives of statewide educational as well as non-educational interests. Further, decisions by the governor and legislature will more likely serve the broad public interest if institutions, systems and state agencies responsible for comprehensive planning and coordination have worked together. Through the legislatively-mandated annual meeting with governing boards and widespread consultation on goals for the 1980s, understanding of mutual problems and statewide concerns has been increased.

B. ACTIVITIES TO BE COMPLETED DURING THE 1981 LEGISLATIVE SESSION

The Coordinating Board is working on several projects which are expected to be completed during the 1981 legislative session. Some are described in this report. To review, they are as follows:

1. Final report and recommendations on state's community colleges
2. Final report and recommendations on area-vocational-technical institutes
3. Recommendations on goals for Minnesota post-secondary education
4. Report and recommendations on education for part-time and returning students
5. Report on instructional costs in Minnesota post-secondary education
6. Report and recommendations on state policy toward information relating to post-secondary education

C. PROJECTS FOR THE 1982-83 BIENNIUM

The Coordinating Board in the next biennium will implement several projects that build upon policy studies and projects begun during the 1980-81 biennium. These projects are outlined in the Board's ***Management Plan 1980-83.*** Although aware that unforeseen demands such as statewide budget reductions can alter its work schedule, the Board has developed a management plan to identify tentative projects in a three-year period.

Projects tentatively scheduled for the next two years include the following:

1. Review of current program needs assessment practices in order to determine if standard needs assessment methodology is feasible and/or desirable.

2. Review of existing program review procedures in use by the institutions, systems and the Coordinating Board in order to further refine current processes and identify existing programs for review.

3. Study of degree standards now used in Minnesota's post-secondary institutions.

4. Development of new data processing capabilities for Board-administered financial aid programs.

5. Study of implications of declining enrollments on the faculty of public post-secondary education institutions.

6. Report and recommendations of future funding of Minnesota post-secondary education.

7. Implementation of new provisions from the reauthorization of the Higher Education Act of 1965.

8. Study of continuing education for professionals.

9. Development of long-range plan for financial aid programs.

D. CONCLUSION

Several underlying questions guide the Board in its studies and projects. These are questions that shape implicitly or explicitly how the state responds to policy issues. As the conditions projected for the 1980s come closer to reality, the questions listed below become even more relevant.

- Are the state's goals for post-secondary education which shaped the expansion effort during the 1960s and early 1970s still appropriate for the 1980s? Should these goals be altered, refined or reasserted?

- How much is post-secondary education worth in 1980? That is, what portion of the public budget should be devoted to post-secondary education?

- What are the priorities for post-secondary education?
  - vocational-technical or liberal education?
  - graduate education or undergraduate education?
  - continuing education or full-time education?

- How much choice of opportunities can the state afford?

- Assuming increased competition for students, how will institutions, systems, sectors and ultimately the state insure that the quality of the opportunity and service will be maintained?

- Is college education still worth the investment to the state and to the student?

In preparing its budget and policy recommendations for the 1982-83 biennium and conducting projects such as a review of goals for post-secondary education, the Coordinating Board has focused on many of these questions. As the Board carries out its legislative mandates in the coming biennium, it will continue to be guided by these questions and will attempt to lead the state in directions which will meet the needs of students, employers, the state and others who rely on the ability of post-secondary education to produce educated citizens.

APPENDICES

APPENDICES

APPENDIX A
SUMMARY OF ANNUAL MEETING WITH GOVERNING BOARDS

Funding post-secondary education in the 1980s was the theme of the most recent annual meeting of Minnesota post-secondary education governing boards. The meeting was conducted November 29, 1979 in the O'Shaughnessy Educational Center at the College of St. Thomas in St. Paul. Approximately 150 Board members, public officials, staff, and other guests attended.

The purpose of the meeting was to examine current funding procedures for Minnesota's colleges, universities and vocational schools and to explore alternative funding methods and their implications.

The keynote address was delivered by Lyman Glenny, professor of higher education and chairman of the program in higher education at the University of California, Berkeley. He discussed "Higher Education Budgeting Issues for the Future." Remarks also were presented by representatives of Minnesota's post-secondary education systems.

Participating were members of the University of Minnesota Board of Regents, the State University Board, the State Board for Community Colleges, the State Board for Vocational Education, the Higher Education Coordinating Board, the Higher Education Facilities Authority and the trustees of private institutions.

A working paper entitled "State Funding of Post-Secondary Education in the 1980s and Beyond: An Examination of Current Practices and Alternatives" was prepared for the meeting by the Coordinating Board staff. This document includes the working paper, the keynote address and the comments made by the system representatives.

The November 29, 1979 meeting was the fourth annual meeting of post-secondary governing boards since the 1976 Legislature passed a law directing the Coordinating Board to sponsor an annual meeting of representatives of governing boards. During the first meeting in 1976 several topics ranging from Southwest State University to salaries of system heads were discussed.

The December 1977 annual meeting addressed fluctuating enrollments and included discussions on the nature of the problem, its implications and plans by systems and institutions to address the problem. In addition, the systems, institutions and Coordinating Board identified several policy issues requiring review as a result of the enrollment situation.

The 1978 meeting was devoted to the theme of maintaining quality in Minnesota post-secondary education during a period of projected enrollment declines. Three of the major topics identified at the 1977 meeting — program planning, financing and financial aid — were discussed.

Tentative topics for future governing board meetings are goals for Minnesota post-secondary education and funding.

APPENDIX B
HIGHER EDUCATION FACILITIES AUTHORITY ANNUAL REPORTS

The Minnesota Higher Education Facilities Authority is required annually to make a report to the Higher Education Coordinating Board. The authority's report is to be included in the Coordinating Board's biennial report to the governor and legislature.[1] During the past biennium the Higher Education Facilities Authority submitted annual reports for Fiscal Year 1978, Fiscal Year 1979 and Fiscal Year 1980.

Higher Education Facilities Authority Background:

The authority was created in 1971 to assist non-profit non-sectarian colleges, universities and professional schools which need loans for new construction, remodeling or refinancing of indebtedness of existing buildings. Although the statutes do not limit funding to the private sector, no public institution has applied for funding. The authority consists of six members appointed by the governor with the advice and consent of the Senate and a seventh member who is the executive director of the Coordinating Board and who is designated as the secretary of the authority.

Originally the authority was given power to issue tax-exempt revenue bonds in a total amount not to exceed $45 million. The 1973 Legislature increased this limit to $62 million of principal outstanding at any one time. The 1978 Legislature raised the limit to $100 million. The authority acts as the agent for these higher education institutions by securing loans for them at lower interest rates than might be directly available for the schools. The school then signs a lease with the authority to pay rent in the amount needed to repay the authority's debt. Projects for which the authority may issue bonds include buildings or facilities for use as student housing, academic buildings, parking facilities, and other structures useful for the instruction of students or conducting research in the operation of a higher education institution.

Annual Report Fiscal Year 1978

During Fiscal Year 1978 tne authority undertook two projects totaling $3,070,000. A project at Carleton involved the extensive remodeling of three older buildings — Leighton Hall, Sayles Hall Gymnasium and Willis Hall. The College of St. Thomas built a women's student residence facility to accommodate undergraduate women attending for the first time the previously all male college.

Annual Report Fiscal Year 1979

In Fiscal Year 1979 the authority undertook several projects, three of which resulted in successful bond sales totaling $9,405,000. The first project was a $2,360,000 financing of two housing residences, at the new campus of Bethel College. The college sold its old campus to the federal government and had to replace its residential facilities with new construction at its new site in Arden Hills. The authority financed for the College of St. Thomas a $1.8 million student residence. The third project was a $5,240,000 student residence at St. Olaf College. The new facility replaces a 90-year-old building, Ytterboe Hall.

Annual Report Fiscal Year 1980

During Fiscal Year 1980 the authority undertook several projects, two of which resulted in successful bond sales totaling $12,500,000. The first project, $6,500,000, financed the construction of an academic building at Concordia College, Moorhead. This building provides laboratory, classrooms, support space and offices for the biology and home economics departments of the college, with necessary equipment, furnishings and site improvements. The second project, $6 million, financed the construction of a new law school building at Hamline University. The new facility consists of a single 2½ story 80,000 square foot building housing all law school activities. Since the end of Fiscal Year 1980 the authority has had one successful sale and one aborted sale. The College of St. Scholastica received permanent financing for a 22,000 square foot multi-purpose recreation building and related outdoor facilities. The College of St. Thomas sought financing for the construction of a physical education and activities building and of a new physical plant headquarters building. A July sale of bonds for financing this construction was aborted. The authority and college hope to reschedule a sale when the bond market is more favorable. As of September 27, 1980 the authority had financed 30 projects totaling $69,475,000.

The three annual reports include a brief history of the authority, highlights of the accomplishments during the fiscal year and financial statements completed during the year. Copies of the complete annual reports are available from the Facilities Authority or the Coordinating Board.

[1] *Minn. Stat.* Section 136A.25-136A.42 (1978).

APPENDIX C
ADVISORY COMMITTEES

Advisory groups are an important source of information and advice on issues considered by the Coordinating Board. Under a policy adopted in January 1979, the Board uses the following kinds of advisory committees:

1. **Standing Committees —** They advise the Board and its staff on matters which relate to their respective areas of special competence and concern.

2. **Special Advisory Committees —** They are established as required to advise the Board and its staff on matters of special concern. Special advisory committees have specific tasks and scheduled dates for work completion. They are disbanded upon completion of their work.

Each year the Board receives an annual staff report on advisory committees. It includes a review of the policy governing advisory committees, a list of the Board's committees, statements of their purpose, membership and membership expiration dates.[2]

Following is a list of advisory groups.

Standing Committees

1. Community Service and Continuing Education (Title IA of Higher Education Act) Technical Review Panel
2. Financial Aid Advisory Committee
3. Advisory Committee on Nursing
4. MINITEX (Minnesota Inter-library Telecommunications Exchange) Advisory Committee
5. Private Institution Registration Advisory Committee
6. Curriculum Advisory Committee
7. Iron Range Regional Center Task Force
8. Rochester Regional Center Task Force
9. Wadena Regional Center Task Force
10. Minnesota Post-High School Planning Program Advisory Task Force
11. Higher Education Advisory Council
12. Information Services Advisory Committee

Special Advisory Committees

1. Special Advisory Committee for the Study of Post-Secondary Opportunities for Part-Time and Returning Students
2. Task Force on Future Funding of Post-Secondary Education

Advisory Groups Which Have Completed Their Work

1. Transfer Task Force
2. Interagency Task Force for Health Personnel and Planning
3. Associate Degree Advisory Committee

[2]Minnesota Higher Education Coordinating Board. *HECB Advisory Committees. Annual Report 1980* (August 1980).

APPENDIX D
FEDERAL COMMUNITY SERVICE AND CONTINUING EDUCATION PROGRAM

(Title IA, Higher Education Act of 1965)

The federal Title IA competitive grant program is designed to improve the capacity of post secondary institutions to experiment in solving community problems and to aid the development of educational activities for adults. In addition to federal funds, institutional resources as well as resources from local, state and federal government agencies, independent community service projects and foundations are committed as matching funds for the implementation of these community service and continuing education projects.

The program is administered by the Coordinating Board. Based on objectives outlined in an annual plan submitted to the U.S. Department of Education, the Board seeks project proposals from Minnesota post-secondary institutions. The proposals are reviewed by the agency's Title 1 Technical Review Panel which includes members representing each post-secondary system, the Coordinating Board and the public. The review panel rates the projects seeking funding, and assists in the development of the annual program objectives. After receiving advice from the review panel and staff, the Coordinating Board selects projects to be funded based on available funds.

Each year from 1966 to 1979 the program funded from 10 to 15 projects. Because of the continual decline in federal dollars available for this program, the number of funded projects also has declined. During Fiscal Year 1981 seven projects are being funded.

Many of the projects previously supported have been adopted as permanent programs by the institution and/or agencies which originally sponsored them. Others accomplished their objectives during the one or two years in which they received Title IA funding, and therefore, have ended. The Higher Education Amendments of 1980 revise and consolidate continuing education programs, information services, and statewide planning with special emphasis on increasing access for adults not served by traditional education programs. Those changes will be reflected in projects supported in Fiscal Year 1982 and beyond. Following is a summary of Title IA grants awarded during Fiscal Year 1980 and Fiscal Year 1981:

FY 1980

Institution and Project	Amount of Federal Grant
Minnesota Elderhostel 1979 UNIVERSITY OF MINNESOTA	$35,883
Senior to Senior: Training Retired Pharmacists UNIVERSITY OF MINNESOTA	$16,592
Community Service Education for American Indians UNIVERSITY OF MINNESOTA	$18,285
Women in Transition: Managing Independent Living UNIVERSITY OF MINNESOTA	$19,896
Project Renew: A Community Oriented Counseling, Support Service System for Re-Entry Women in Southcentral Minnesota MANKATO STATE UNIVERSITY	$18,236
Older But Wiser: A Program Aimed at the Needs of Older Women NORMANDALE COMMUNITY COLLEGE	$ 5,527
White Earth Education Cooperative MOORHEAD STATE UNIVERSITY	$20,000
Women's Mobile Campus: Phase 1—Awareness UNIVERSITY OF MINNESOTA, MORRIS	$31,254
Outreach Program for Education of Non-Traditional Students (OPENS) NORTH HENNEPIN COMMUNITY COLLEGE	$15,107
Lifetime Involvement in Finance and Employment (LIFE) NORTH HENNEPIN COMMUNITY COLLEGE	$16,120
Senior Citizens Radio Project: WDTH	$10,001
Family Learning Center NORTH HENNEPIN COMMUNITY COLLEGE	$13,000

FY 1981

Institution and Project	
White Earth Education Cooperative: Year II MOORHEAD STATE UNIVERSITY	$20,000
Higher Education Without Sound: An Implementation of a Model INVER HILLS COMMUNITY COLLEGE	$19,708
Community Action Outreach Energy Education Program STAPLES AREA VOCATIONAL-TECHNICAL INSTITUTE	$ 3,120
Women's Mobile Campus: Phase II—Action UNIVERSITY OF MINNESOTA, MORRIS	$28,059
Senior to Senior: Retired Pharmacists as Medication Counselors in Rural Minnesota UNIVERSITY OF MINNESOTA	$19,712
Lifetime Involvement in Finance and Employment NORTH HENNEPIN COMMUNITY COLLEGE	$15,000
Community Service Education for Fond du Lac Reservation UNIVERSITY OF MINNESOTA, DULUTH	$ 5,998

APPENDIX E
FEDERAL UNDERGRADUATE INSTRUCTIONAL EQUIPMENT PROGRAM

(Title VIA, Part F, Public Law 92-318, As Amended)

The Instructional Equipment Program assists in improving undergraduate instruction by providing grants for the acquisition of equipment. Grants are awarded for either (1) laboratory and other special equipment, or (2) television equipment for closed-circuit direct instruction or related purposes.

As the state agency designated for the administration and coordination of this program, the Higher Education Coordinating Board reviews, validates and ranks applications for grants according to a state plan and U.S. Department of Education regulations. The Department of Education awards grants following its review of the Board's recommendations.

Since 1966 more than $1 million has been awarded to Minnesota colleges and universities. The Education Amendments of 1976 provided for the extension of the program. However, funding for the program has been declining, and no funds were provided during the 1980-81 biennium. The Higher Education Amendments of 1980 eliminate this section and program. The remaining activities from this section have been transferred to Title VII (See Appendix F).

APPENDIX F
ACADEMIC FACILITIES PROGRAM

(Title VII, Public Law 92-318, As Amended)

Nearly $40 million in federal funds has been made available for expanding and improving physical facilities of colleges and universities in Minnesota since inception of the Academic Facilities Program. These funds have been awarded as matching grants and/or interest subsidy grants to assist in financing the construction, acquisition, or rehabilitation of classrooms, laboratories, libraries, and related facilities. Under program requirements, construction of such facilities, either alone or together with other construction to be undertaken within a reasonable time, must result in a substantial expansion or creation of urgently needed (1) student enrollment capacity, (2) the capacity to provide health care for students and institutional personnel, or (3) capacity to carry out extension and continuing education programs on campus.

As the state agency responsible for the administration and coordination of this program, the Higher Education Coordinating Board has been involved in reviewing applications for post-secondary education institutions in Minnesota to obtain support for academic facilities construction. Applications for grants in the program are reviewed, validated and ranked in priority order according to the state plan and U.S. Department of Education regulations. The Department of Education awards grants following its review of the Board's recommendations.

During the past several biennia no additional funds for the program were available or appropriated except for meeting annual interest grant obligations.

The Higher Education Amendments of 1980 extend grants and loans for the construction and renovation of campus buildings. The amendments expand the purpose for which funds can be used to include renovations to improve energy efficiency, with particular emphasis on the use of coal, solar and renewable resources, provide access for handicapped people, comply with federal health and safety regulations, improve research facilities and identify and remove asbestos hazards in facilities used by students. The act authorizes funding through Fiscal Year 1985. The title provides state grants for undergraduate facilities, institutional grants for graduate facilities and loans for academic facilities.

APPENDIX G
BETTER INFORMATION FOR STUDENTS

(Title IV, Sections 418A, 418B of 1965 Higher Education Act as amended, 1976)

In July 1978 the Higher Education Coordinating Board implemented activities designed to promote better information for prospective and current post-secondary students. With assistance from grant funds through the federal Higher Education Act, Title IV, the Board's efforts to improve post-secondary and career information have been supplemented and enhanced. The Board will enter Fiscal Year 1981 with a commitment to not only making education information available but also to help in assuring that the information supported through tax dollars is accurate, accessible, timely and unbiased.

In pursuit of these goals, activities emanate from two perspectives; that of defining and supporting state policy on education information, and that of information resource management. To support these commitments the Coordinating Board staff has worked with education information consumers and providers on a statewide and national level in determining Minnesota's information needs and in responding to them. During Fiscal Year 1979 and Fiscal Year 1980, the following major activities occurred:

- Informal assessment of availability of and need for education and career information services in Minnesota;
- evaluation and updating of the 1975 Higher Education Coordinating Board position on recruitment, "Toward Assuring Responsible Institutional Behavior Toward Prospective Students";
- publication and statewide distribution of a guide to Minnesota's post-secondary institutions and programs;
- development and statewide distribution of an inventory of providers of education and career information in Minnesota;
- convening of one statewide and five regional workshops designed for information providers and consumers to discuss the status of information activities for current and prospective students of all ages and academic classifications, and to work toward cooperation in serving their needs; and
- publication of a brochure on transferring credit between post-secondary institutions.

Further background on these projects is contained in a status report presented to the Coordinating Board in September 1979[3]. An updated report to the Board will be made in February 1981.

In addition, during Fiscal Year 1981, the following activities are planned:

- updating and distribution of the inventory of education and career information providers;
- updating and distribution of the guidebook to post-secondary programs and institutions;
- convening of a special advisory committee to discuss the status of post-secondary education information and recruitment activities in Minnesota;
- development of a consumer guide for evaluating post-secondary recruitment literature and making education decisions; and
- development of information resources which appeal in particular to the needs of the part-time and returning student, and to all students seeking information on education financial assistance programs.

[3]Minnesota Higher Education Coordinating Board. *The Education and Career Information Program* (September 1979)

APPENDIX H
POLICY ISSUES RELATED TO GOALS FOR MINNESOTA POST-SECONDARY EDUCATION

As part of its review of proposed goals for Minnesota post-secondary education (See Section II), the Coordinating Board identified several policy issues related to each goal. A worksheet listing the goals and policy issues was mailed to representatives of several educational and noneducational groups. The Board staff asked these people to rank each goal and the related issues and to add any issues they believed should be considered. A review of the responses will help the Board to determine priority issues for the 1980s and 1990s. Following is a list of the issues included in the worksheet.

1. Access

(a) The state should create incentives for increasing regional cooperation among institutions to provide instructional services to areas not directly served by an institution.

(b) Courses with small enrollments should not be allowed to continue.

(c) The state should provide special assistance beyond current financial aid programs to severely disadvantaged students to ensure that they achieve their educational and occupational goals.

(d) The state should strive to support the principle of providing an institution within 35 miles of every Minnesota community with a population of 5,000 or more.

(e) Regional service areas should be identified for institutions and groups of institutions and a regional cooperative plan developed which would maximize resource utilization and opportunities for access to quality programs in each region.

(f) The present balance between state support to students (5 percent) and to institutions (95 percent) should be continued.

(g) The state should increase access through increased financial aid, travel grants and housing subsidies.

2. Choice

(a) Interstate tuition reciprocity is in Minnesota's best interests for the 1980s.

(b) The state should expand its support for private post-secondary education through increased financial aid and service contracts.

(c) Minnesota financial aid should be portable outside the state.

3. Diversity

(a) Institutions and systems should be requested to declare their distinctive programs, services or roles in the 1980s.

(b) The state should place a moratorium on the development of programs which are outside the principal instructional mission of a system except where governing boards can demonstrate a special need for such programs.

(c) The role of the Twin Cities campus of the University of Minnesota in undergraduate education should be reviewed in the context of the projected enrollment declines and in an effort to further distinguish the mission of the University in undergraduate and professional programs.

(d) The overlap in programs and public service which currently exists among the systems of post-secondary education should be continued in a period of stable and declining resources and enrollments.

(e) A moratorium should be placed on further development of vocational programs in the community colleges.

(f) A moratorium should be placed on further development of one and two-year vocational programs in the state universities.

(g) The General College at the University of Minnesota should be discontinued in view of the development of community colleges in the metropolitan area.

(h) Governing boards should be requested to develop incentives and procedures which would promote closure of unnecessary and low priority programs.

(i) The AVTIs should award associate degrees (which are generally awarded only in liberal arts curricula).

4. Quality

(a) Governing boards and the state should develop a systematic means for measuring the quality of programs and institutions.

(b) The state should adopt a policy of strengthening programs through consolidation so that limited revenues can be used to establish distinctive, high quality programs.

(c) The thrust of institution, system and state planning for the 1980s should be focused on the need for more differentiation, with the conviction that through such distinction the quality of programs and institutions will be enhanced.

(d) The state should develop a policy on the minimal size of an institution below which the governing board should be required to justify its continued existence in the context of the cost and quality of the programs being offered.

5. Efficiency

(a) The state should provide incentives to systems and institutions to designate a portion of the annual budget for supporting innovative and new programs and services.

(b) Internal review procedures currently used by governing boards should be expanded in order to strengthen institutional management and program effectiveness.

(c) Governing boards should expand the use of cost-control procedures which would strengthen conservation efforts and enhance the efficient use of limited resources.

(d) Public systems and institutions should explore cooperative planning efforts with neighboring states for high cost, low demand programs.

(e) Public institutions in close geographical proximity should develop plans and procedures to share administrative and support activities in order to more effectively use limited resources.

6. Public Understanding

(a) Public systems and institutions should publish annual reports which summarize their financial statements, facilities and programs.

(b) Each institution should provide a role statement, consistent with legislative mandates and system missions, which describes its objectives, programs of instruction, research, public service, and service area.

7. Opportunities

(a) Occupational programs should be required to provide prospective students with information about placement rates and establish enrollment limits to balance numbers of graduates and employment opportunities.

(b) Expanded counseling and advising functions should be established in each institution to assist students and potential students in academic and career planning and retention.

(c) The state and systems should develop incentives for institutions to combine program and staff resources in order to strengthen and expand services.

(d) Systems and institutions should be requested to provide continuing education and community service programs only in those program areas which are directly related to their instructional mission and in their service area.

8. Development

(a) Support for research should be concentrated in areas of high priority.

(b) State support for research should be restricted to those programs and institutions which are responsible for training graduate and professional students.

(c) The primary responsibility for conducting basic and applied research should be restricted to the University of Minnesota.

(d) Support for research should be increased to offset resource losses related to future enrollment decreases.

(e) Institutions should be provided with state support to assist in the dissemination and application of technology and new knowledge.

9. Funding

(a) The state should adopt a policy which specifies how the financing of post-secondary education will be shared by students and taxpayers.

(b) The state should adopt funding policies which recognize that not all institutions can be adequately supported on the basis of enrollments and that new budget methods should be adopted which recognize comprehensive funding policies.

(c) The state should establish a special fund for performance related activities which encourages innovation and excellence in post-secondary education programs.

(d) The state should develop a uniform policy for supporting continuing education and part-time instruction for credit in all systems and institutions.

APPENDIX I
MINNESOTA HIGHER EDUCATION COORDINATING BOARD REPORTS AND PUBLICATIONS, 1979-1980

PUBLICATIONS

Trends and Conditions in Minnesota Post-Secondary Education (December 1979)

Basic Data Series Report No. 7: Fall 1978 Post-Secondary Education Enrollment Survey (April 1979)

Basic Data Series Report No. 8: Fall 1979 Post-Secondary Education Enrollment Survey (April 1980)

Maintaining Quality in Minnesota Post-Secondary Education, Planning for the 1980s, Working Papers Prepared for Annual Meeting with Governing Boards (January 1979)

State Funding of Post-Secondary Education in the 1980s and Beyond: Working Paper and Proceedings, Annual Meeting With Governing Boards (November 1979)

Focus on Financial Aid (December 1979 and October 1980) Annual tabloid describing financial aid programs.

MHECB Report, agency monthly newsletter

Financial Aid Users Manual

Brochures
- ***Will You Transfer?***
- ***Post-High School Planning Program***
- ***Opportunities in Optometric and Osteopathic Education***
- Financial Aid Brochures, ***State Education Assistance Progams*** (includes Spanish translation)

Minnesota Higher Education Coordinating Board, overview of agency

POLICY PAPERS

Interim Report on Minnesota System of Area Vocational-Technical Institutes (November 1980)

Interim Report on the Minnesota Community College System (July 1980)

A Recommended Tuition Policy for Minnesota Post-Secondary Education (November 1980)

Report on Nursing Education in Minnesota (August 1980)

A Review of Teacher Education Programs: Their Capacity and Response to Declining Enrollments (July 1980)

Associate Degrees in Minnesota Post-Secondary Education (July 1980)

Goals for Minnesota Post-Secondary Education (February 1980)

The Need for Special Education Teachers for Hearing Impaired, Visually Handicapped and Deaf-Blind Children (January 1980)

Minnesota Occupational Information System, Evaluation and Recommendations (January 1980)

Optometric Education in Minnesota, A Regional Perspective (January 1979)

STATUS REPORTS

Financial Aid Status Report (March 1979)

Financial Aid Status Report (October 1980)

Program Review Status Report (April 1979)

The Regional Centers: A Status Report (November 1979)

The Education and Career Information Project Status Report (September 1979)

Private Institutions Registration Program Status Report (May 1980)

Minitex Status Report (October 1979)

Minitex Status Report (November 1980)

Evaluation of the Minnesota Pilot Study of the Career Planning Program, Fall 1979 (April 1980)

Report on Aptitude Scores by Minnesota High School Juniors and Responses to the Plans and Background Survey in 1979-80, Post-High School Planning Program (September 1980)

Report on Aptitude Scores by Minnesota High School Juniors and Responses to the Plans and Background Survey in 1978-79, Post-High School Planning Program (September 1979)

TECHNICAL REPORTS

Compensation and Faculty Characteristics in Public and Private Post-Secondary Education (November 1980)

Credit Transfer in Minnesota (April 1979)

Revision of the Need Formula for the Minnesota State Scholarship And Grant Programs (March 1980)

Minnesota Participation in Tuition Reciprocity (February 1979)

Interim Report on the Minnesota Community College System, Technical Report No. 1: Report on Enrollment and Costs, Minnesota Community College System, A Study Prepared for the Minnesota Higher Education Coordinating Board by John D. Millett, Academy for Educational Development (February 1980)

Interim Report on the Minnesota Community College System, Technical Report No. 2, Report on General College of the University of Minnesota, by John D. Millett, Academy for Educational Development (June 1980)

Interim Report on the Minnesota Community College System, Technical Report No. 3, Student Access and Institutional Markets (September 1980)

Post-Secondary Education Enrollment Projections 1979-80 to 2000-01 (September 1979)

Projections of Elementary and Secondary Enrollments and High School Graduates in Minnesota, 1979 to 1997 (November 1979)

OTHER PAPERS AND REPORTS

Proposed Testing Legislation: A Briefing Paper (February 1980)

Management Plan 1980-83

HECB Advisory Committees: Annual Report 1980 (August 1980)

HUMAN RIGHTS STATEMENT

The Minnesota Higher Education Coordinating Board has committed itself to the policy that there shall be no discrimination on the basis of race, creed, color, sex, age, handicap or national origin in its programs, activities or employment policies as required by Title IX of the Education Amendments of 1972, Rehabilitation Act of 1973, and other applicable laws, regulations and executive orders.

Inquiries regarding compliance may be directed to Office of Personnel and Affirmative Action, Minnesota Higher Education Coordinating Board, 400 Capitol Square, 550 Cedar Street, St. Paul, MN 55101, (612) 296-3974.

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